



PERFORMANCE AUDIT REPORT

The University of Tennessee Board of Trustees

Justin P. Wilson
Comptroller of the Treasury



DIVISION OF STATE AUDIT

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JUSTIN P. WILSON
Comptroller

December 10, 2019

The Honorable Randy McNally
Speaker of the Senate
The Honorable Cameron Sexton
Speaker of the House of Representatives
The Honorable Kerry Roberts, Chair
Senate Committee on Government Operations
The Honorable Martin Daniel, Chair
House Committee on Government Operations
and
Members of the General Assembly
State Capitol
Nashville, TN 37243
and
The Honorable John Compton, Chair
The University of Tennessee Board of Trustees
719 Andy Holt Tower
Knoxville, TN 37996-0170

Ladies and Gentlemen:

We have conducted a performance audit of selected programs and activities of the University of Tennessee Board of Trustees for the period July 1, 2017, through June 30, 2019.¹ This audit was conducted pursuant to the requirements of the Tennessee Governmental Entity Review Law, Section 4-29-111, *Tennessee Code Annotated*.

Our audit disclosed certain findings, which are detailed in the Audit Conclusions section of this report. The Board of Trustees has responded to the audit findings; we have included the responses following each finding. We will follow up the audit to examine the application of the procedures instituted because of the audit findings.

This report is intended to aid the Joint Government Operations Committee in its review to determine whether the University of Tennessee Board of Trustees should be continued, restructured, or terminated.

Sincerely,

A handwritten signature in black ink that reads 'Deborah V. Loveless'.

Deborah V. Loveless, CPA, Director
Division of State Audit

DVL/li/js
19/049

¹ Our base audit period was September 1, 2017, through June 30, 2019. In certain instances, we modified our scope from this period. See the Audit Conclusions section for more information.



Division of State Audit

University of Tennessee Board of Trustees
Performance Audit
December 2019

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AUDIT HIGHLIGHTS

THE UNIVERSITY OF TENNESSEE SYSTEM'S MISSION

The University of Tennessee System, through its multiple campuses and institutes, serves the people of Tennessee and beyond through the discovery, communication and application of knowledge. The System is committed to providing undergraduate, graduate and professional education programs in a diverse learning environment that prepares students to be leaders in a global society. The UT System's delivery of education, discovery, outreach and public service contributes to the economic, social and environmental well-being of all Tennesseans.

INTRODUCTION

We audited the statutory responsibilities and activities of the University of Tennessee Board of Trustees (UT Board), the governing body of the University of Tennessee (UT) System, for the period of September 1, 2017, to June 30, 2019.² We focused our review on the UT Board's oversight of key areas as they relate to the activities of the UT campuses in Knoxville, Chattanooga, and Martin, as well as the Health Science Center in Memphis.³

Scheduled Termination Date:
June 30, 2020

Effective July 1, 2018, the Tennessee General Assembly vacated the previous membership of the UT Board and reconstituted the board with new members. Since our audit scope encompasses the transition between the former UT Board and the current UT Board, we base our audit objectives and conclusions on the responsibilities and actions taken by both the former UT Board and current UT Board. We address our recommendations to the current UT Board for their consideration.

Our audit scope included a review of internal controls and compliance with laws, regulations, policies, procedures, and provisions of contracts or grant agreements. We present our primary results in the **UT Board of Trustees' Oversight Responsibilities** and the **UT Board of**

² For our audit procedures, we adjusted our scope as appropriate to the review. We provide further details of our audit scope in our detailed audit section.

³ We limited our review to the UT Board's oversight of the UT campuses. We did not review the UT Board's oversight of the UT System's other institutions, including the Institute for Public Service. We may conduct a review of the UT Board's oversight of these agencies in a future report.

Trustees' Composition and Administrative Duties sections. **UT Board Oversight** includes the results of our review of the UT Board's statutorily required oversight of the UT System, including the UT Board's compliance with the statutory changes enacted by the UT Focusing on Campus and University Success Act, effective July 1, 2018. **UT Board Administration** includes the results of our review of the UT Board's composition and meeting requirements. We provide more detailed information concerning the UT System and campus operating areas. These areas include

- **Campus Security and Safety,**
- **Mental Health Services,**
- **Student and Faculty Engagement,**
- **Facilities,**
- **Strategic Plans and Performance Measures,**
- **Tuition Affordability,** and
- **Athletics Programs.**

The chief goals of a governing body are to provide strategic direction to its organization and to hold management accountable for the operations of the organization. The UT Board must work to preserve and protect the UT System's reputation by helping define, support, and protect its mission. To assess the effectiveness of the UT Board and its oversight of the UT System, we interviewed UT Board members, management, and staff; gathered records and data; and performed audit work within each UT campus.

KEY CONCLUSIONS

SUMMARY OF RESULTS

The UT Board should advance the coordination among the UT campuses' operations to increase the effectiveness and efficiency of the UT System.

Although each UT campus has its own culture and strategic goals, each campus and the entire UT System would benefit from increased coordination of resources, communication between campuses, and consolidated systems for shared services. The UT Board should encourage collaborative efforts between UT campuses, shared information systems, and management oversight of system-wide reporting. See **Finding 1** and **Observation 3**.

The UT Board should increase its oversight of various academic and nonacademic areas to ensure UT management achieves strategic and operational goals and to better serve its students and staff.

As a governing body and as part of its statutory requirements, the UT Board should exercise its oversight responsibilities for the UT System and hold UT management accountable for the effective and efficient operations of the campuses and the UT System. The UT Board has a duty to oversee the activities that occur at all or most locations within the UT System, including strategic planning, academics, admissions, tuition, faculty evaluation and retention, student conduct and

satisfaction, facility maintenance, and athletic operations. See **Findings 2, 9, 11, and 12** and **Observations 4, 6, and 8**.

The UT Board must increase its oversight of student safety and campus security and ensure the accurate and complete reporting of safety and crime.

The UT Board has not ensured that each UT campus met the investigation and reporting requirements of the Clery Act and Title IX of the Education Amendments Act of 1972. Additionally, the UT Board must improve its oversight of the physical security of each campus, police operations, crime reporting, reporting missing assets, and communication between UT campuses. See **Findings 3 through 10** and **Observation 5**.

The UT Board should ensure that the UT System monitors the mental health services each UT campus offers.

The UT Board currently does not provide oversight of the mental health programs offered at each UT campus and does not require or review system-wide reports on mental health services. Our review identified various issues concerning mental health services throughout the UT System, including potentially unmet student needs due to service gaps at campuses. As the UT System's governing body, the UT Board should ensure that the UT System monitors mental health services, such as the key metrics of counselor-to-student ratios, wait times, and suicide rates. The UT Board should encourage campus collaboration and direct management to correct deficiencies. See **Finding 11**.

We provide a full list of our findings, observations, and matters for legislative consideration below:

FINDINGS

- Finding 1 – The UT Board should work to increase communication, coordination, and collaboration between the UT campuses (page 31).
- Finding 2 – The former and the current UT Board delegated its oversight role to management for key decisions; additionally, the current UT Board is still working to fulfill its statutory responsibilities (page 36).
- Finding 3 – UTM and UTHSC did not ensure disclosure of required reporting elements of the Clery annual security and fire safety reports (page 73).
- Finding 4 – UTC did not issue a timely warning for a crime that posed a serious or continuing threat (page 75).
- Finding 5 – UTHSC Clery Coordinators did not consistently update the 60-day Clery daily crime log (page 77).
- Finding 6 – Information contained in police reports, Clery daily crime logs, and Title IX reports did not match (page 79).
- Finding 7 – The UT System did not issue written notices of prolonged investigations as required by campus policies (page 84).

- Finding 8 – Due to a lack of documentation, auditors could not determine whether six UTC police incident reports were reviewed by supervisors or whether three UTC investigations were appropriately closed (page 86).
- Finding 9 – The UT Board has not yet addressed the UT campuses’ physical security features (page 90).
- Finding 10 – UTHSC did not report all instances of theft, mysterious disappearance, burglary, or vandalism to UT System administration, leading to inaccurate and incomplete reporting to the Comptroller of the Treasury (page 97).
- Finding 11 – The UT Board has not yet reviewed mental health programs for counselor-to-student ratios, counselor caseloads, appointment wait times, service gaps, student suicide tracking, or collaboration among the campuses (page 104).
- Finding 12 – The UT Board neither officially approved the UT Promise program nor ensured management assessed the program’s long-term impact (page 185).

OBSERVATIONS

The following topics are included in this report because of their effects on the operations of the UT System and the citizens of Tennessee:

- Observation 1 – The current UT Board’s process to search for an Interim President may have benefited from increased transparency (page 47).
- Observation 2 – The current UT Board should consider amending its bylaws to include interim officers or enter into written employment agreements to establish the duties and authorities of interim positions (page 49).
- Observation 3 – The UT Board should consider a UT System initiative to implement a centralized information system (page 51).
- Observation 4 – The UT Board delegated the final approval for a unique student housing initiative involving a long-term ground lease at UTHSC (page 52).
- Observation 5 – The former UT Board had not ensured that campus police monitored their response times (page 96).
- Observation 6 – The UT Board has not yet ensured that the UT System assessed the campus communities’ overall satisfaction (page 125).
- Observation 7 – The UT System may struggle with funding future capital projects because of the requirement to include private donations in match funding (page 139).
- Observation 8 – The current UT Board should review its process for making decisions that have high visibility and large potential impact to ensure the best outcome for the UT System (page 140).

MATTERS FOR LEGISLATIVE CONSIDERATION

- The General Assembly may wish to consider revising current legislation to reference appointments of university Interim Presidents and Interim Chancellors (page 48).
- In the absence of federal guidance, the General Assembly may wish to amend *Tennessee Code Annotated* to require that higher education institutions submit annual reports on key mental health statistics for their students, including data on the number of student suicides (page 115).

TABLE OF CONTENTS

	<u>Page</u>
Introduction	1
Audit Authority	1
Background	1
Internal Control Responsibilities: Oversight Bodies and Management	4
The University of Tennessee System	6
UT Advisory Boards	12
The Tennessee Higher Education Commission	13
UT System Organizational Chart	15
Audit Scope	16
Prior Audit Findings	17
Report of Actions Taken on Prior Audit Findings	17
Statutory Change to the Tennessee Foreign Language Institute	17
Resolved Audit Finding and Observation	17
Follow-up on Remaining Audit Findings	18
Other Comptroller's Office Reports	18
Audit Conclusions	19
UT Board of Trustees' Oversight Responsibilities	19
Audit Results	27
Finding 1 – The UT Board should work to increase communication, coordination, and collaboration between the UT campuses	30
Finding 2 – The former and the current UT Board delegated its oversight role to management for key decisions; additionally, the current UT Board is still working to fulfill its statutory responsibilities	36
Observation 1 – The current UT Board's process to search for an Interim President may have benefited from increased transparency	47
Matter for Legislative Consideration	48
Observation 2 – The current UT Board should consider amending its bylaws to include interim officers or enter into written employment agreements to establish the duties and authorities of interim positions	49

TABLE OF CONTENTS (Continued)

	<u>Page</u>
Observation 3 – The UT Board should consider a UT System initiative to implement a centralized information system	51
Observation 4 – The UT Board delegated the final approval for a unique student housing initiative involving a long-term ground lease at UTHSC	52
UT Board of Trustees’ Composition and Administrative Duties	57
Audit Results	59
Campus Security and Safety	63
Audit Results	71
Finding 3 – UTM and UTHSC did not ensure disclosure of required reporting elements of the Clery annual security and fire safety reports	73
Finding 4 – UTC did not issue a timely warning for a crime that posed a serious or continuing threat	75
Finding 5 – UTHSC Clery Coordinators did not consistently update the 60-day Clery daily crime log	77
Finding 6 – Information contained in police reports, Clery daily crime logs, and Title IX reports did not match	79
Finding 7 – The UT System did not issue written notices of prolonged investigations as required by campus policies	84
Finding 8 – Due to a lack of documentation, auditors could not determine whether six UTC police incident reports were reviewed by supervisors or whether three UTC investigations were appropriately closed	86
Finding 9 – The UT Board has not yet addressed the UT campuses’ physical security features	90
Observation 5 – The former UT Board had not ensured that campus police monitored their response times	96
Finding 10 – UTHSC did not report all instances of theft, mysterious disappearance, burglary, or vandalism to UT System administration, leading to inaccurate and incomplete reporting to the Comptroller of the Treasury	97
Mental Health Services	101
Audit Results	103

TABLE OF CONTENTS (Continued)

	<u>Page</u>
Finding 11 – The UT Board has not yet reviewed mental health programs for counselor-to-student ratios, counselor caseloads, appointment wait times, service gaps, student suicide tracking, or collaboration among the campuses	104
Matter for Legislative Consideration	115
Student and Faculty Engagement	117
Audit Results	123
Observation 6 – The UT Board has not yet ensured that the UT System assessed the campus communities’ overall satisfaction	125
Facilities	129
Audit Results	136
Observation 7 – The UT System may struggle with funding future capital projects because of the requirement to include private donations in match funding	139
Observation 8 – The current UT Board should review its process for making decisions that have high visibility and large potential impact to ensure the best outcome for the UT System	140
Strategic Plans and Performance Measures	143
Audit Results	160
Results of Audit Work: Graduation Rates, Retention Rates, and Exam Pass Rates	163
Results of Audit Work: Acceptance Rates Among Males and Females at UTK, UTC, UTM, and UTHSC	169
Results of Audit Work: Acceptance Rates Between Different Races and Ethnicities at UTK	170
Tuition Affordability	173
Audit Results	183
Finding 12 – The UT Board neither officially approved the UT Promise program nor ensured management assessed the program’s long-term impact	185
Athletics Programs	191
Audit Results	199

TABLE OF CONTENTS (Continued)

	<u>Page</u>
Appendices	201
Appendix 1 – UT Board of Trustees and Committee Membership	201
Appendix 2 – UT System Unrestricted and Restricted Current Funds Revenues, Expenditures, and Transfers	205
Appendix 3 – UT Athletics Programs' Financial Information as Reported to the NCAA	206
Appendix 4 – Other Reports From the Office of the Comptroller	211
Appendix 5 – Comparative and Aspirational Peers by UT Campus	221
Appendix 6 – Index of Tables, Exhibits, and Charts	223
Appendix 7 – UTHSC Campus Map and Lease Area	226
Appendix 8 – UT System Salary Expenditures by Employee Category	227

INTRODUCTION

AUDIT AUTHORITY

This performance audit of the University of Tennessee Board of Trustees was conducted pursuant to the Tennessee Governmental Entity Review Law, Title 4, Chapter 29, *Tennessee Code Annotated*. Under Section 4-29-241, the University of Tennessee Board of Trustees is scheduled to terminate June 30, 2020. The Comptroller of the Treasury is authorized under Section 4-29-111 to conduct a limited program review audit of the agency and to report to the Joint Government Operations Committee of the General Assembly. This audit is intended to aid the committee in determining whether the University of Tennessee Board of Trustees should be continued, restructured, or terminated.

BACKGROUND

The **University of Tennessee Board of Trustees (UT Board)** is the governing body of the University of Tennessee (UT) System and oversees the educational and operational activities of the system, and the 12-member board is responsible for the strategic direction of the UT System. Effective July 1, 2018, the General Assembly vacated the previous membership of the UT Board and reconstituted the board with the following membership parameters:

- the Tennessee Commissioner of Agriculture, who serves as an ex-officio voting member;
- 10 voting members appointed by the Governor and confirmed by joint resolution of the Tennessee Senate and House of Representatives; and
- 1 nonvoting student member, appointed by the UT Board.

When the UT Board was vacated and reconstituted, the General Assembly declined to confirm any of the prior board members, thereby creating a UT Board composed of new members.

University of Tennessee FOCUS Act

Chapter 657 of the Public Acts of 2018, the **University of Tennessee Focusing on Campus and University Success (FOCUS) Act**, instituted a series of reforms to the composition, powers, and duties of the UT Board of Trustees. Effective July 1, 2018, the Board of Trustees was reduced from 27 members (22 voting members and 5 ex-officio members) to 12 members (10 voting members, 1 ex-officio member, and 1 nonvoting student member). The Act also created 4 advisory boards, 1 for each of the university's main campuses: Knoxville, Martin, Chattanooga, and the UT Health Science Center.

The 10 appointed voting members choose to serve the UT System as unsalaried trustees in addition to any external professional responsibilities of their own careers. By accepting their nominations to serve on the board, the UT Board members voluntarily provide their experience and time to oversee the school system, its students, and its employees.

The current list of the UT Board members is exhibited in **Appendix 1**.

Powers and Responsibilities

Section 49-9-209, *Tennessee Code Annotated*, provides many of the statutory powers of the UT Board. Statute dictates that the UT Board will

Exercise general control and oversight of the University of Tennessee system and its institutions, delegating to the president the executive management and administrative authority necessary and appropriate for the efficient administration of the system or necessary to carry out the mission of the system, and delegating to each chancellor the executive management and administrative authority necessary and appropriate for the efficient administration of such chancellor's institution and its programs, subject to the general supervision of the president. The president shall exercise administrative authority over the chancellors.

The board has the authority to appoint the **President** of the UT System, who also serves as the system's Chief Executive Officer. The President serves "at the pleasure of the board, subject to the terms of any written employment contract approved by the board." Additionally, the board "define[s] the president's duties, including the president's administrative duties with respect to the system and the individual institutions of the system and, within budgetary limitations, fix[es] the president's compensation and other terms of employment."

The University of Tennessee System's organizational chart is on page 15.

At the President's recommendation, the UT Board appoints **Chancellors** to perform executive management functions at each UT campus and the Institute of Agriculture. Chancellors report directly to the President and serve at the President's pleasure. Likewise, the UT Board approves, upon recommendation of the President, the appointments of UT **officers**, who also serve at the pleasure of the President and, unless policy or bylaws dictate otherwise, report directly to the President.

Per statute, the board has "full authority and control over all university funds, whether appropriated from state revenues or institutional revenues," except for those funds that are "appropriated for a specific purpose or funds appropriated pursuant to the outcomes-based funding formula." Among the statutory powers located in Section 49-9-209, the UT Board has the authority to

- confirm the salaries of all employees of the UT system and the individual institutions by adopting the UT System's annual operating budget;
- adopt policies for granting and removing tenure for faculty members;
- approve policies governing student conduct;
- oversee and monitor the UT System's intercollegiate athletics programs, including proposed actions that might reasonably have a long-term impact on the operations, reputation, and standing of either the athletics programs or the university system;

- evaluate student financial aid in relation to the cost of attendance and approve any necessary policies to improve the availability of financial aid that are in the best interest of students, the university system, and the state;
- monitor the UT System's nonacademic programs other than athletics, including programs related to diversity, for compliance with federal and state laws, rules, and regulations;
- evaluate administrative operations and academic programs periodically to identify opportunities for efficiency such as streamlining, consolidation, or reallocation;
- establish a way for people to bring issues to the board's attention, and provide notice of that mechanism to the public;
- in conjunction with regular meetings of the board, provide a reasonable opportunity for the public to address the board or a board committee concerning issues germane to the board's responsibilities;
- name buildings owned by the UT System or its institutions; and
- exercise all powers and take all actions necessary, proper, or convenient to accomplish the UT System's mission and the board's responsibilities.

Committees

Section 49-9-206, *Tennessee Code Annotated*, dictates that the UT Board must maintain four standing committees: an executive committee; an audit committee; a finance and administration committee; and an academic affairs and student success committee. Additionally, per statute, the board has the authority to create other standing committees, subcommittees, and ad hoc committees as necessary to conduct business. As of June 2019, the UT Board maintains the following committees:

- The **Executive Committee** oversees and monitors the work of other standing committees, the UT System's strategic planning processes, the President's performance and welfare, and the system's commitment to and compliance with the state's plans and objectives for higher education.
- The **Audit and Compliance Committee** oversees the financial reporting and related disclosures, especially when financial statements are issued; evaluates management's assessment of the UT System's system of internal controls; and facilitates any audits or investigations of the UT System.
- The **Finance and Administration Committee** oversees the UT System's finances, operations, facilities, and Health Science Center clinical activities, and ensures that the system operates within available resources and applicable laws and policies in a manner supportive of its strategic plan.
- The **Education, Research, and Service Committee** fulfills the statutorily required academic affairs and student success committee. It oversees the UT System's educational mission of teaching, research, and service, including matters related to

academic programs, faculty, student success and student conduct, research, and service and outreach.

- The **Special Committee on University of Tennessee Athletics Programs**, the board's one special committee, provides assurance to the board that the system's athletics programs are operating effectively and are in compliance with applicable UT policies and NCAA conference rules.

We exhibit the list of members of each committee in **Appendix 1**.

Internal Control Responsibilities: Oversight Bodies and Management

As an oversight body, the UT Board has separate responsibilities from UT System management (including the UT President, UT Chancellors, and other officers). The U.S. Government Accountability Office's *Standards for Internal Control in the Federal Government* (Green Book) sets internal control standards for federal entities. The Green Book adapts the principles of the Committee of Sponsoring Organizations of the Treadway Commission's (COSO's) *Internal Control – Integrated Framework* for the government environment. In the absence of established internal control frameworks, the Green Book's principles serve as best practices for non-federal entities and establish key internal control responsibilities for oversight bodies and for management of an organization. Paragraphs 2.09 and 2.10 of the Green Book outline the following key responsibilities for oversight bodies for an institution's internal control system:

- 2.09** The oversight body oversees management's design, implementation, and operation of the entity's internal control system. The oversight body's responsibilities for the entity's internal control system include the following:
- **Control Environment** – Establish integrity and ethical values, establish oversight structure, develop expectations of competence, and maintain accountability to all members of the oversight body and key stakeholders.
 - **Risk Assessment** – Oversee management's assessment of risks to the achievement of objectives, including the potential impact of significant changes, fraud, and management override of internal control.
 - **Control Activities** – Provide oversight to management in the development and performance of control activities.
 - **Information and Communication** – Analyze and discuss information relating to the entity's achievement of objectives.
 - **Monitoring** – Scrutinize the nature and scope of management's monitoring activities as well as management's evaluation and remediation of identified deficiencies.
- 2.10** These responsibilities are supported by the organizational structure that management establishes. The oversight body oversees management's design, implementation, and operation of the entity's organizational

structure so that the processes necessary to enable the oversight body to fulfill its responsibilities exist and are operating effectively.

Per Principle 10, “Design Control Activities,” management of an organization is responsible for designing control activities to achieve objectives and respond to risks. Paragraph 10.03 provides a list of example control activities often utilized by management of an organization:

- top-level reviews of actual performance;
- reviews by management at the functional or activity level;
- management of human capital;
- controls over information processing;
- physical control over vulnerable assets;
- establishment and review of performance measures and indicators;
- segregation of duties;
- proper execution of transactions;
- accurate and timely recording of transactions;
- access restrictions to and accountability for resources and records; and
- appropriate documentation of transactions and internal control.

To evaluate the UT Board’s oversight of UT management, we assessed the UT System’s implementation and execution of policies and procedures, as well as its compliance with laws, regulations, and best practices, in key areas identified in our audit scope.

Fiduciary Duty of Governing Bodies

Governing bodies have a fiduciary duty to the institutions they oversee. Members of the UT Board have an obligation to act in the best interest of the UT System, including demonstrating due care and exhibiting the highest integrity in the execution of their responsibilities. The Association of Governing Boards of Universities and Colleges (AGB) is an organization centered on governance in higher education and offers best practice guidance to the oversight bodies of colleges and universities. The AGB serves 1,300 member boards and 1,900 institutions, and the UT System is a member of the AGB. The AGB provides the following guidance on how governing boards should act:

While governing boards act as a body, the fiduciary duties applied by law and best practice fall on individual board members. Each has a personal responsibility to

Exhibit 1 AGB Illustrative Questions



ILLUSTRATIVE QUESTIONS FOR GOVERNING BOARDS TO CONSIDER

1. Does the board invite discussion and questions regarding matters before it?
2. How does the board encourage full engagement by board members and enforce attendance requirements?
3. How does the board involve experts to facilitate and enhance its understanding of matters before it?
4. How does the board assess its own performance in fulfilling its fiduciary duties?

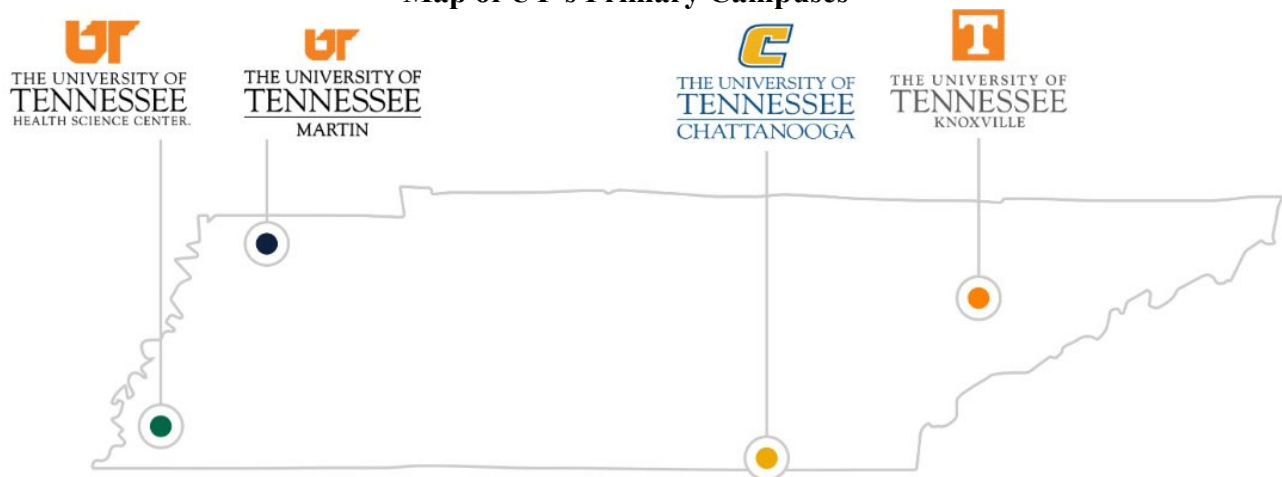
Source: AGB Board of Directors’ Statement on the Fiduciary Duties of Governing Board Members, dated July 2015.

ensure that he or she is up to the task and fulfilling his or her obligations. Effective board members must be more than names on a masthead. They must be fully engaged. They must attend meetings, read and evaluate the materials, ask questions and get answers, honor confidentiality, avoid conflicts of interest, demonstrate loyalty, understand and uphold mission, and ensure legal and ethical compliance. Those who cannot do so must step down and allow others to take their place. The success and sustainability of the institution and the protection of board members from personal liability require nothing less.

The University of Tennessee System

Through expansion, acquisitions, and school mergers, the UT System has grown to encompass four primary campuses: Knoxville, Chattanooga, Martin, and the UT Health Science Center located in Memphis (see **Exhibit 2**).

Exhibit 2
Map of UT's Primary Campuses



Source: <https://tennessee.edu/campus-guide/>.

In fall 2018, the UT System had a total enrollment of 50,810 students, including 40,043 undergraduate students and 10,767 graduate students. In 2018, the UT System awarded 11,805 degrees, including

- 8,301 bachelor's degrees,
- 30 education specialist degrees,
- 2,221 master's degrees,
- 648 doctoral degrees, and
- 605 professional degrees in fields such as law, veterinary sciences, and medicine.

In addition to the four campuses, the UT System also includes other institutions, such as the Institute of Agriculture (in Knoxville), the Institute for Public Service (in Knoxville), and the UT Space Institute (in Tullahoma), as well as the Oak Ridge Institute at the University of Tennessee. Overall, the UT System occupies a physical presence in each of the state's 95 counties.

University of Tennessee, Knoxville

The **University of Tennessee, Knoxville (UTK)** is the original campus of UT. The institution was founded in 1794 as Blount College in Knoxville, Tennessee. In 1807, the school became a state institution, renamed the East Tennessee College, and in 1840, the Tennessee General Assembly passed legislation to rename it the East Tennessee University. Through passage of Chapter 12 of the Acts of 1868-1869, the Tennessee General Assembly designated the university as the state's recipient of the federal Morrill Act of 1862, granting the university federal land to use or sell for educational purposes. Finally, on March 10, 1879, the General Assembly again renamed the university, this time to the University of Tennessee.



University of Tennessee, Knoxville

Mission Statement: *The primary mission of the University of Tennessee is to move forward the frontiers of human knowledge and enrich and elevate the citizens of the state of Tennessee, the nation, and the world. As the preeminent research-based land-grant university in the state, UT embodies the spirit of excellence in teaching, research, scholarship, creative activity, outreach, and engagement attained by the nation's finest public research institutions.*

Fall 2018 Enrollment*	
Undergraduate	22,815
Graduate – Academic	5,350
Graduate – Professional†	729
Total Enrollment	28,894

2018–2019 Undergraduate Tuition and Fees**
\$13,006

Fall 2018 Full-time Instructional Faculty
1,586

*Enrollment includes UT Institute of Agriculture, UT Space Institute, and Veterinary Medicine students.

**Amount includes general maintenance and other mandatory fees and does not include optional fees.

†Graduate – Professional enrollment includes doctorate degrees in medicine, dentistry, pharmacy, law, and Veterinary Medicine programs.

Source: Enrollment and faculty data provided by UTK; tuition and fees data provided by the Tennessee Higher Education Commission (THEC).

University of Tennessee at Chattanooga

The **University of Tennessee at Chattanooga (UTC)** can trace its history to Chattanooga University, founded in 1886. The private, religious school consolidated with other colleges and eventually became the University of Chattanooga. In 1969, the University of Chattanooga and a junior college, Chattanooga City College, merged with the University of Tennessee to form UTC.



University of Tennessee at Chattanooga

Mission Statement: *The University of Tennessee at Chattanooga is a driving force for achieving excellence by actively engaging students, faculty and staff, embracing diversity and inclusion, inspiring positive change and enriching and sustaining our community.*

Fall 2018 Enrollment	
Undergraduate	10,195
Graduate	1,393
Total Enrollment	11,588

2018–2019 Undergraduate Tuition and Fees*
\$8,664

Fall 2017 Full-time Instructional Faculty
466

*Amount includes general maintenance and other mandatory fees and does not include optional fees.
Source: Enrollment and faculty data provided by UTC; tuition and fees data provided by THEC.

University of Tennessee at Martin

The **University of Tennessee at Martin (UTM)** is located at the former site of the Hall-Moody Institute, a religious school founded in 1900 and named for two Baptist ministers. In 1927, the Tennessee General Assembly authorized the funds for the University of Tennessee Junior College to purchase the Hall-Moody campus as the site of this junior college. In 1957, the General Assembly enacted legislation to make the junior college a four-year institution, renaming it the University of Tennessee, Martin Branch. In 1967, the school was renamed the University of Tennessee at Martin.



University of Tennessee at Martin

Mission Statement:
The University of Tennessee at Martin educates and engages responsible citizens to lead and serve in a diverse world.

Fall 2018 Enrollment	
Undergraduate	6,674
Graduate	374
Total Enrollment	7,048

2018–2019 Undergraduate Tuition and Fees*
\$9,512

Fall 2018 Full-time Faculty
293

*Amount includes general maintenance and other mandatory fees for full-time students with less than 90 completed school credit hours. The amount does not include optional fees.

Source: Enrollment and faculty data provided by UTM; tuition and fees data provided by THEC.

University of Tennessee Health Science Center

The **UT Health Science Center**, located in Memphis and founded in 1911, has a mission to improve the health and well-being of Tennesseans and the global community by fostering integrated, collaborative, and inclusive education, research, scientific discovery, clinical care, and public service. The UT Health Science Center has the following six colleges housed within it:

- Dentistry,
- Graduate Health Sciences,
- Health Professions,
- Medicine,
- Nursing, and
- Pharmacy.

According to the campus's website,⁴ the UT Health Science Center has educated 75% of Tennessee's dentists, 40% of its pharmacists, and 40% of the state's physicians. Additionally, the campus claims that approximately 80% of its Health Professions graduates stay in Tennessee.

⁴ <https://uthsc.edu/>.



UT Health Science Center

Mission Statement: *The mission of the University of Tennessee Health Science Center is to improve the health and well-being of Tennesseans and the global community by fostering integrated, collaborative, and inclusive education, research, scientific discovery, clinical care, and public service.*

Fall 2018 Enrollment*	
Undergraduate	359
Graduate – Academic	1,133
Graduate – Professional†	1,788
Total Enrollment	3,280

Fall 2018 Tuition and Fees
Varies by school and residency status

Fall 2018 Regular and Full-time Faculty
1,724

*Fall 2018 enrollment excludes residents in health sciences.

†Graduate – Professional enrollment includes graduate degrees in medicine, dentistry, pharmacy, nursing, health sciences, and health professions programs.

Source: UTHSC enrollment and faculty information obtained from <https://uthsc.edu/institutional-effectiveness/factbook.php>.

Other Institutions

Although not included within the scope of this audit, the UT System includes four institutes that serve to further the mission of the university. These four institutes foster research, outreach, and educational in a variety of areas.

The statewide **UT Institute of Agriculture** is part of UT's mission of educating, researching, and applying knowledge. The institute's four major units contribute to improving the quality of life and enhancing the agricultural economics, environment, and health of Tennesseans, providing services to students, families, farmers, businesses, and the general public. The four divisions include the following:

- The Herbert College of Agriculture offers academic programs in a variety of natural and social science-based disciplines that apply to the food, fiber, and natural resources systems.
- The College of Veterinary Medicine serves pet owners, zoos, and the livestock industry; protects public health; enhances medical knowledge; and generates economic benefits to the state and nation.

- The AgResearch Program allows faculty to conduct world-class research programs in a variety of areas including crop breeding and genetics, soil conservation, no-till crop production, cattle reproduction, wood product development, and many others.
- The UT Extension Program has an office in every county of Tennessee and delivers research-based educational programs that improve lives, build stronger families, and strengthen communities.

On June 21, 2019, the UT Board voted to unify the institute with UTK “to elevate the impact and reputation” of both the institute and the Knoxville campus. Before the change, a Chancellor of the UT Institute of Agriculture headed the UT Institute of Agriculture; afterward, the position became the Senior Vice President and Senior Vice Chancellor of the UT Institute of Agriculture, who reports to both the UTK Chancellor and the UT President.

The Institute for Public Service (IPS), a branch of the UT Knoxville campus, provides university expertise for communities and workplaces by consulting daily with government, law enforcement, and industry leaders to improve the lives of Tennesseans. IPS is headed by a Vice President of Public Service, who reports directly to the UT President and leads the following six agencies:

- The Center for Industrial Services works with Tennessee’s business leaders to identify opportunities for economic growth, understand the government contract procurement process, and attract new businesses to their communities.
- The County Technical Assistance Service provides technical consulting and training to assist officials in all areas of county government operations.
- The Law Enforcement Innovation Center expands capabilities of law enforcement personnel by providing training that improves the quality of policing.
- The Municipal Technical Advisory Service assists cities and towns with the training and information necessary to support informed decisions and develops valuable solutions to the issues and concerns facing these communities.
- The Naifeh Center for Effective Leadership provides training and professional development for leaders at all levels, from the emerging supervisor to the experienced executive.
- The Tennessee Foreign Language Center, formerly the Tennessee Foreign Language Institute administratively linked to the Tennessee Board of Regents,⁵ coordinates and provides foreign language skills needed by state government by researching the most effective methods of foreign language instruction and disseminating that information, and by improving the language skills and teaching methods of foreign language instructors at all levels in the state’s schools, colleges, and universities.

⁵ In compliance with Chapter 932 of the Public Acts of 2018, the Tennessee Foreign Language Institute was reestablished as the Tennessee Foreign Language Center and transferred from the Tennessee Board of Regents to the University of Tennessee Institute for Public Service, effective July 1, 2018.

The University of Tennessee Space Institute, a branch of the UT Knoxville campus, is a graduate education and research institution located in Tullahoma, Tennessee, adjacent to the U.S. Air Force Arnold Engineering Development Center. The UT Space Institute supports the Arnold Engineering Development Center in maintaining state-of-the-art expertise in both technical and managerial ranks. The institute is headed by an Executive Director, who reports to the UTK Chancellor.

On June 21, 2019, the UT Board approved the the creation of the **Oak Ridge Institute at the University of Tennessee**. This institute will coordinate the joint activities of UT and the Oak Ridge National Laboratory—the largest U.S. Department of Energy science and energy laboratory—conducting basic and applied research in a broad range of scientific and engineering disciplines, including energy, genetics, and security. According to the Education, Research, and Service Committee of the UT Board, the Oak Ridge Institute at UT “will serve as UT’s administrative umbrella for all joint activities and will allow coordinated expansion of graduate education programs to prepare the next generation of scientists and engineers for a global economy that demands interdisciplinary problem-solving, teamwork, and rapid innovation.”

UT Advisory Boards

Effective July 1, 2018, Chapter 657 of the Public Acts of 2018, the UT FOCUS Act, established four **advisory boards**, one for each UT campus—Knoxville, Martin, Chattanooga, and the UT Health Science Center in Memphis. Each seven-member advisory board has the following membership criteria:

- 5 members are appointed by the Governor and confirmed by the Tennessee Senate and House of Representatives;
- 1 member must be a full-time faculty member of the respective UT institution appointed by the faculty senate or its equivalent; and
- 1 member must be a student of the respective UT institution and appointed in a manner determined by the respective advisory board.

Section 49-9-503, *Tennessee Code Annotated*, provides the following responsibilities for each advisory board:

- (1) Submit a recommendation, in accordance with the process established pursuant to § 49-9-209(d)(1)(N), regarding the proposed operating budget, including tuition and fees, as it relates to the respective institution;
- (2) Submit a recommendation, in accordance with the process established pursuant to § 49-9-209(d)(1)(O), regarding the strategic plan for the respective institution;
- (3) Advise the chancellor of the respective University of Tennessee institution regarding university operations and budget, campus master plan, campus life,

- academic programs, policies, and other matters related to the institution and as may be requested by the chancellor from time to time;
- (4) Under the leadership of the chancellor of the respective institution, seek to promote the overall advancement of the institution and the University of Tennessee system;
 - (5) Advise the board of trustees or president of the University of Tennessee system on matters related to the institution and the University of Tennessee system as may be requested by the president or board of trustees from time to time; and
 - (6) Be subject to the open meetings laws, compiled in title 8, chapter 44.

Pursuant to Section 49-9-209, *Tennessee Code Annotated*, the UT Board must establish two processes for the UT advisory boards. First, the UT Board must develop a process for each advisory board to provide a recommendation to the President on the proposed operating budget each year, including tuition and fees. Second, the UT Board must implement a process that allows advisory boards to provide recommendations to the President concerning the campus' strategic plans. Each of these processes must be approved or adopted for any annual operating budget or strategic plan adopted after January 1, 2019.

The Tennessee Higher Education Commission

The **Tennessee Higher Education Commission (THEC)** serves as the coordinating authority for implementing Tennessee's statewide higher education public and fiscal policy. The Tennessee General Assembly created THEC in 1967 to facilitate a coordinated and unified public postsecondary mission across higher education institutions in Tennessee. Pursuant to Section 49-7-202, *Tennessee Code Annotated*, THEC develops a statewide master plan⁶ for the future development of public universities, community colleges, and colleges of applied technology. Among THEC's other statutory responsibilities are

- establishing annual tuition and fee increase parameters;
- reviewing and approving new academic programs;
- developing and utilizing an outcomes-based funding model for institutions;
- recommending the operating and capital budgets for public higher education; and
- serving as the authorizing entity for the state's private postsecondary institutions.

Statewide Master Plan

Tennessee Code Annotated dictates that the statewide master plan includes addressing the state's economic development, workforce development, and research needs; ensuring increased degree production within the state's capacity to support higher education; and using institutional mission differentiation to realize statewide efficiencies through institutional collaboration.

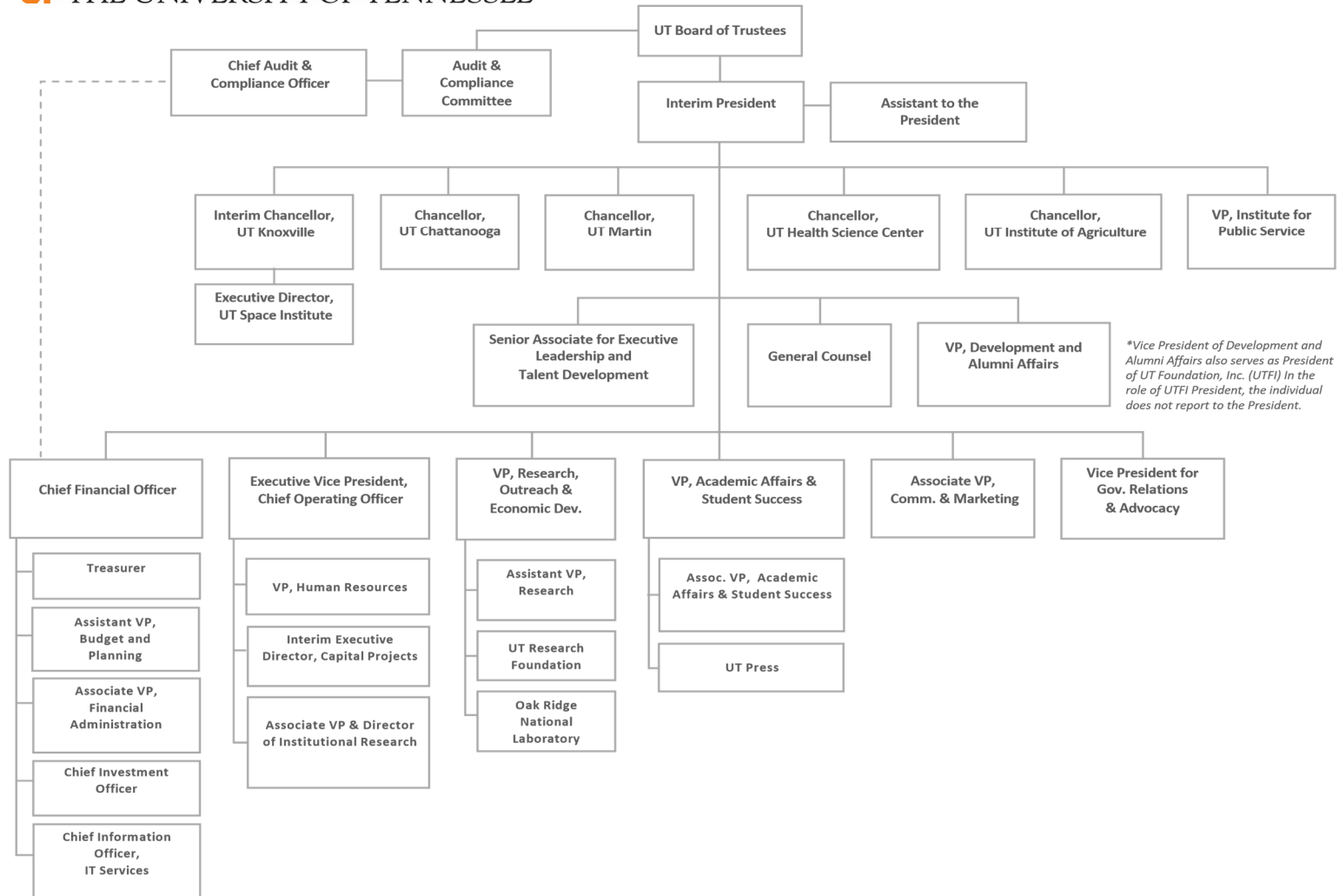
⁶ THEC's *Master Plan for Tennessee Postsecondary Education* for 2015 through 2025 is available at <https://www.tn.gov/the/about-the-the-sac/master-plan/master-plan.html>.

THEC and the UT Board

The UT Board is responsible for the strategic direction of the UT System, including establishing system-wide policies and goals. Similarly, THEC is responsible for statewide postsecondary strategic decisions, ensuring that public colleges and other institutions are aligned with the state's mission and values. For UT to offer new programs of study, the UT Board requires THEC approval. THEC, in conjunction with school systems including UT, school campuses, and state government representatives, establishes an outcomes-based funding formula to incentivize academic success, such as degree completion rates.

Like the UT Board, THEC appears in the Tennessee Governmental Entity Review Law, compiled in Title 4, Chapter 29, *Tennessee Code Annotated*. THEC is not included within the scope of this audit report, and we do not conclude on THEC's compliance with laws, regulations, and internal policies. Instead, we conclude on the UT Board and the UT System's compliance with various THEC regulations and policies and provide information on THEC's responsibilities as they relate to the UT System's operations and strategic decisions.

The University of Tennessee System Organizational Chart June 2019



Source: <https://president.tennessee.edu/staff/>.

AUDIT SCOPE

Our audit scope included a review of internal controls and compliance with laws, regulations, policies, procedures, and provisions of contracts or grant agreements. We present our primary results in the **UT Board of Trustees' Oversight Responsibilities** and the **UT Board of Trustees' Composition and Administrative Duties** sections. **UT Board Oversight** includes the results of our review of the UT Board's statutorily required oversight of the UT System, including the UT Board's compliance with the statutory changes enacted by the UT Focusing on Campus and University Success Act, effective July 1, 2018. **UT Board Administration** includes the results of our review of the UT Board's composition and meeting requirements. We provide more detailed information concerning the UT System and campus operating areas. These areas include

- **Campus Security and Safety,**
- **Mental Health Services,**
- **Student and Faculty Engagement,**
- **Facilities,**
- **Strategic Plans and Performance Measures,**
- **Tuition Affordability,** and
- **Athletics Programs.**

The chief goals of a governing body are to provide strategic direction to its organization and to hold management accountable for the operations of the organization. The UT Board must work to preserve and protect the UT System's reputation by helping define, support, and protect its mission. To assess the effectiveness of the UT Board and its oversight of the UT System, we interviewed UT Board members, management, and staff; gathered records and data; and performed audit work within each UT campus.

The UT Board and UT management are responsible for establishing and maintaining effective internal control and for complying with applicable laws, regulations, policies, procedures, and provisions of contracts and grant agreements.

For our sample design, we used nonstatistical audit sampling, which was the most appropriate and cost-effective method for concluding on our audit objectives. Based on our professional judgment, review of authoritative sampling guidance, and careful consideration of underlying statistical concepts, we believe that nonstatistical sampling provides sufficient, appropriate audit evidence to support the conclusions in our report. Although our sample results provide reasonable bases for drawing conclusions, the errors identified in these samples cannot be used to make statistically valid projections to the original populations. We present more detailed information about our methodologies in the individual sections of this report.

We conducted our audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our

audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

As part of our audit objectives, our work included areas related to the power and authority of the Tennessee Higher Education Commission and the State Building Commission. The Comptroller of the Treasury is an ex-officio, voting member of the Tennessee Higher Education Commission and the State Building Commission. We do not believe the Comptroller's service on these commissions affected our ability to conduct an independent audit.

PRIOR AUDIT FINDINGS

REPORT OF ACTIONS TAKEN ON PRIOR AUDIT FINDINGS

Section 8-4-109(c), *Tennessee Code Annotated*, requires that each state department, agency, or institution report to the Comptroller of the Treasury the action taken to implement the recommendations in the prior audit report. The prior audit report of Higher Education Entities, including the Tennessee Board of Regents, the University of Tennessee Board of Trustees, the Tennessee Student Assistance Corporation, and the Tennessee Higher Education Commission, was dated December 2017 and did not contain any findings related to the UT Board. However, the audit report contained **four findings** and **one observation** related to the Tennessee Foreign Language Institute, which was then administratively linked to the Tennessee Board of Regents.

The Tennessee Foreign Language Institute filed its corrective action report with the Comptroller of the Treasury on January 3, 2018.

STATUTORY CHANGE TO THE TENNESSEE FOREIGN LANGUAGE INSTITUTE

In compliance with Chapter 932 of the Public Acts of 2018, the Tennessee General Assembly reestablished the Tennessee Foreign Language Institute as the Tennessee Foreign Language Center. The statutory change eliminated the institute's governing board and transferred the center's administration to the UT Institute for Public Service, effective July 1, 2018. Additionally, Chapter 932 transferred the center's endowment fund from the State Treasury to the UT Institute for Public Service.

RESOLVED AUDIT FINDING AND OBSERVATION

Due to the statutory changes concerning the administration of the Tennessee Foreign Language Center and its endowment fund, the current audit disclosed that the following finding (1) and observation⁷ (2) no longer applied to the Tennessee Foreign Language Center:

⁷ Our December 2017 performance report also included an observation related to the locally governed institutions.

1. The Tennessee Foreign Language Institute should ensure that it is distinct from the nonprofit TFLI Fund.
2. Powers of the Tennessee Foreign Language Institute governing board are vaguely defined and weak, and board member attendance at meetings was inconsistent.

FOLLOW-UP ON REMAINING AUDIT FINDINGS

The prior audit report also contained the following audit findings:

- The Tennessee Foreign Language Institute has weak internal controls over cash receipting and accounting.
- The Tennessee Foreign Language Institute relies on a small number of contracts for revenue and has no oversight of these contracts.
- The Tennessee Foreign Language Institute should continue to expand its efforts to provide services outside of Middle Tennessee.

As of May 31, 2019, management and staff of the Tennessee Foreign Language Center and the UT Institute for Public Service have taken actions to apply UT Institute for Public Service policies to the center's operations and increase the scope of the center's activities. Additionally, the UT System's Office of Audit and Compliance is conducting a review of the center during calendar year 2019. We will not repeat the audit findings in this audit report; however, we will further review these areas in a future engagement.

OTHER COMPTROLLER'S OFFICE REPORTS

Multiple divisions within the Comptroller's Office have released reports involving UT since September 1, 2017. These offices include

- the Division of State Audit;
- the Division of Investigations; and
- the Office of Research and Education Accountability.

We exhibit selected findings, results, and recommendations from these reports in **Appendix 4**.

AUDIT CONCLUSIONS



UNIVERSITY OF TENNESSEE BOARD OF TRUSTEES' OVERSIGHT RESPONSIBILITIES



University of Tennessee System Icon
Source: <https://tennessee.edu/static/identity/icon.html>

UNIVERSITY OF TENNESSEE BOARD OF TRUSTEES' OVERSIGHT RESPONSIBILITIES

With the April 4, 2018, passage of Chapter 657 of the Public Acts of 2018, named the University of Tennessee Focusing on Campus and University Success (FOCUS) Act, the Tennessee General Assembly enacted various changes to Title 49, Chapter 9, *Tennessee Code Annotated*, as it relates to the UT System governance. Among other statutory changes, the UT FOCUS Act reduced the number of trustees from 27 to 12; decreased the number of required standing committees; and added and revised the powers and oversight responsibilities of the University of Tennessee Board of Trustees (UT Board). The UT FOCUS Act also created advisory boards, one for each UT campus (Knoxville, Chattanooga, Martin, and the UT Health Science Center).

We divide our discussion of the UT Board's oversight responsibilities into four discrete areas:

1. General Oversight Responsibilities;
2. Oversight of Academic Programs;
3. UT Advisory Boards; and
4. UT Board Appointment of the UT President and Approval of UT Chancellors.

General Oversight Responsibilities

The U.S. Government Accountability Office's *Standards for Internal Control in the Federal Government* (Green Book) serve as best practices for instituting internal control in state agencies. The Green Book establishes that an oversight body, such as the UT Board, "is responsible for overseeing the strategic direction of the entity and obligations related to the accountability of the entity. This includes overseeing management's design, implementation, and operation of an internal control system."

Section 49-9-209 *Tennessee Code Annotated*, establishes various oversight responsibilities for the UT Board. Pursuant to Section 49-9-209(d)(1)(P), the UT Board should

Exercise general control and oversight of the University of Tennessee system and its institutions, delegating to the president the executive management and administrative authority necessary and appropriate for the efficient administration of the system or necessary to carry out the mission of the system, and delegating to each chancellor the executive management and administrative authority necessary and appropriate for the efficient administration of such chancellor's institution and its programs, subject to the general supervision of the president. The president shall exercise administrative authority over the chancellors.

Additionally, per Section 49-9-209(d)(1)(T), the Board has the authority to "exercise all powers and take all actions necessary, proper, or convenient for the accomplishment of the university's mission and the responsibilities of the board."

Section 49-9-209(d)(1), *Tennessee Code Annotated*, as revised by the UT FOCUS Act, assigns a number of specific duties and responsibilities to the UT Board. This statute states that the UT Board should

- (F) Have full authority and control over all university funds, whether appropriated from state revenues or institutional revenues, except authority to reallocate funds appropriated for a specific purpose or funds appropriated pursuant to the outcomes-based funding formula, and shall annually adopt an operating budget, set tuition and fees, and take all actions necessary and appropriate to ensure the financial stability and solvency of the University of Tennessee system;
- (G) Confirm the salaries of all employees of the University of Tennessee system and the individual institutions by adoption of the annual operating budget for the university;
- (H) Have authority to adopt policies governing the granting and removal of tenure for faculty members;
- (I) Approve policies governing student conduct;
- (J) Oversee and monitor the operation of the intercollegiate athletics programs of the university, including proposed actions reasonably anticipated to have a long-term impact on the operations, reputation, and standing of the intercollegiate athletics programs or the university;
- (K) Evaluate student financial aid in relation to the cost of attendance and approve any necessary policies to improve the availability of financial aid that are in the best interest of students, the university, and the state;
- (L) Monitor the university's nonacademic programs, other than athletics, including programs related to diversity and monitor compliance of nonacademic programs with federal and state laws, rules, and regulations; and
- (M) Evaluate administrative operations and academic programs periodically to identify efficiencies to be achieved through streamlining, consolidation, reallocation, or other measures.

Furthermore, Section 49-9-209(e), *Tennessee Code Annotated*, states

- (1) The board of trustees shall also have full power and authority to make bylaws, rules, and regulations for the governance of the university and the promotion of education in the university that in the board's opinion may be expedient or necessary.
- (2) The bylaws, rules, and regulations shall not be inconsistent with the constitution and laws of the United States or of this state.

Oversight of Academic Programs

As the governing body of the UT System, the UT Board oversees educational and operational activities. *Tennessee Code Annotated* establishes certain responsibilities for the board regarding academic programs:

- Section 49-9-209(d)(1)(M) requires the board to “evaluate administrative operations and academic programs periodically to identify efficiencies to be achieved through streamlining, consolidation, reallocation, or other measures.”
- According to Section 49-9-209(f), “The president and chancellors of the university, with the advice and consent of a majority of the board, are authorized to confer any bachelor’s, master’s, or doctoral degree approved by the board of trustees upon certification by the appropriate university offices that a student has satisfied all degree requirements and all obligations to the university.”

See **Table 1** for the number of academic programs at the UT Knoxville, Chattanooga, and Martin campuses.

Table 1
Academic Program Accreditation Status
School Year 2017–2018

Institution	No. of Accredited Programs	No. of Programs Seeking Accreditation	Total Accreditable Programs
UT Knoxville	66	3	69
UT Chattanooga	40	3	43
UT Martin	22	1	23

Source: The Tennessee Higher Education Commission’s *Tennessee Higher Education Fact Book 2018-19*.

Tennessee Higher Education Commission

At the state level, the Tennessee Higher Education Commission (THEC) possesses sole authority over the creation of new academic programs. THEC’s approval process for new academic programs is described in its Policy A 1.0, “New Academic Program: Approval Process” (see **Exhibit 3**).

Exhibit 3

Excerpt From Tennessee Higher Education Commission's Policy "New Academic Program: Approval Process"

Scope and Purpose. In accordance with Chapter 179 of the Legislative Act creating the Higher Education Commission in 1967, the Commission has the statutory responsibility to review and approve new academic programs, off-campus extensions of existing academic programs, new academic units (divisions, colleges, schools, and departments) and new instructional locations for public institutions of higher education in the State of Tennessee. These responsibilities shall be exercised so as to:

- promote academic quality;
- maximize cost effectiveness and efficiency to ensure that the benefits to the state outweigh the costs and that existing programs are adequately supported;
- fulfill student demand, employer need and societal requirements;
- avoid unnecessary duplication and ensure that proposed academic programs cannot be delivered more efficiently through collaboration or alternative arrangements; and
- encourage cooperation among all institutions, both public and private.

These expectations for program quality and viability are underscored by *Tennessee Code Annotated* §49-7-202 as amended. This statute directs public higher education to:

- address the state's economic development, workforce development and research needs;
- ensure increased degree production within the state's capacity to support higher education; and
- use institutional mission differentiation to realize statewide efficiencies through institutional collaboration and minimized redundancy in degree offerings, instructional locations, and competitive research.

The policy also states that THEC typically considers proposals for new academic programs at each of its regularly scheduled meetings and dictates that the institution's governing board approve the given program before THEC acts.

Additionally, THEC has oversight of post-approval monitoring. THEC generally monitors a new program for five to seven years after it has been approved. This review includes the program's data for student enrollment, graduation rate, and fiscal expenditures. After the first five to seven years, THEC transitions monitoring to the university.

University of Tennessee Academic Department

On a 10-year cycle from each academic program's starting date, external evaluators (normally department heads at aspirational peer universities for that academic program) complete a review. The evaluators prepare a report for the university that describes the program's strengths and weaknesses. The external evaluators then return after five years for a mid-cycle review. Before the evaluators return, the program must prepare a report chronicling corrective actions taken as a result of the first report. At the end of the 10-year cycle, a new team of external evaluators comes to perform another program review.

Southern Association of Colleges and Schools

The Southern Association of Colleges and Schools (SACS) Commission on Colleges serves as the regional body for the accreditation of degree-granting higher education institutions in the Southern states, including Tennessee. SACS-accredited public universities totaled 480 as of July 2019. To gain or maintain SACS accreditation, an institution must comply with the standards contained in the *Principles of Accreditation: Foundations for Quality Enhancement* and with the commission's policies and procedures. According to the *Principles of Accreditation: Foundations for Quality Enhancement*, SACS accreditation signifies that the institution

1. has a mission appropriate to higher education;
2. has resources, programs, and services sufficient to accomplish and sustain that mission; and
3. maintains clearly specified educational objectives that are consistent with its mission and appropriate to the degrees [it] offers, and that indicate whether it is successful in achieving its stated objectives.

The principles further state, "The institution's governing board holds in trust the fundamental autonomy and ultimate well-being of the institution. As the corporate body, the board ensures both the presence of viable leadership and strong financial resources to fulfill the institutional mission. Integral to strong governance is the absence of undue influence from external sources."

Accredited universities must periodically undergo a reaffirmation process.

UT Advisory Boards

Each of the four campus advisory boards consists of five Governor-appointed members who require legislative confirmation by joint resolution. Each advisory board also features a faculty member appointed by the Faculty Senate and a student member appointed by the advisory board. Section 49-9-502, *Tennessee Code Annotated*, mandates that the advisory boards meet three times annually and reach a four-member quorum. Section 49-9-503, *Tennessee Code Annotated*, defines the responsibilities for UT advisory boards, including providing recommendations concerning campus strategic plans and operating budgets and fulfilling open meeting requirements.⁸

As dictated by Section 49-9-209(d)(1)(N), *Tennessee Code Annotated*, the UT Board must establish a process for the advisory boards to submit recommendations to the UT President for the operating budget, including tuition and fees, as it relates to their respective campus. Likewise,

⁸ The Open Meetings Act, commonly known as the Sunshine Law, establishes that it is "the public policy of the state that the formation of public policy and decisions is public business and shall not be conducted in secret." The Open Meetings Act requires that meetings be open to the public and given adequate public notice, and that minutes "contain a record of the persons present, all motions, proposals and resolutions offered, the results of any votes taken, and a record of individual votes in the event of a roll call." The Open Meetings Act can be found in Section 8-44-101 et seq., *Tennessee Code Annotated*.

Section 49-9-209(d)(1)(O) requires the UT Board to provide a process for advisory boards to provide recommendations on the strategic plan to the UT President for their campuses. On March 1, 2019, the UT Board approved the following system-wide policies:

BT0025 – Process for the Campus Advisory Board to Submit a Recommendation to the President on the Proposed Strategic Plan for the Campus

BT0026 – Process for the Campus Advisory Board to Submit a Recommendation to the President on the Annual Operating Budget

UT Board Appointment of the UT President and Approval of the UT Chancellors

As one of the primary duties of the UT Board, the trustees appoint and oversee the actions of the UT President. Pursuant to Section 49-9-209(d)(1), the UT Board is required to

- (A) Appoint a chief executive officer of the University of Tennessee system, who shall be the president of the University of Tennessee system. The president shall serve at the pleasure of the board, subject to the terms of any written employment contract approved by the board;
- (B) Define the president's duties, including the president's administrative duties with respect to the system and the individual institutions of the system and, within budgetary limitations, fix the president's compensation and other terms of employment;
- (C) Approve, upon the recommendation of the president, the appointments of persons to fill vacant or new positions as chancellors of the campuses and the Institute of Agriculture and, within budgetary limitations, approve their initial compensation and other terms of employment. The chancellors shall:
 - (i) Report directly to the president. The president shall have authority to annually evaluate the chancellors and to annually set their compensation and other terms of employment; and
 - (ii) Serve at the pleasure of the president. The president shall have authority to remove the chancellors at any time without the approval of the board of trustees . . .
- (E) Have the power to remove the president at any time.

With the passage of Chapter 770 of the Public Acts of 2018 on April 5, 2018, the General Assembly amended statute by adding Section 49-7-154(c), *Tennessee Code Annotated*, related to UT President search committees. This subpart stipulates that

- Prior to initiating a search, the governing board must hold a public meeting to establish the search process, timeline, and a statement of qualifications for the position;
- A search committee may select up to three candidates to be recommended to the governing board;

- No later than 15 calendar days before the final vote on the appointment, the records relating exclusively to the candidates identified will be open to public inspection, unless otherwise confidential under state or federal law; and
- No later than seven calendar days before the vote on the appointment, the governing board must hold at least one public forum with the candidate.

Section 6.4(b) of the UT Board Bylaws provides the following directions:

When the Chair of the Board deems it appropriate to proceed to fill a vacancy in the office of President by an external search, the Chair shall recommend to the Board a process and timeline for the search and a statement of qualifications for the position. The search process shall include a search committee composed as the Board determines to be appropriate, upon the recommendation of the Chair, notwithstanding any other provision in these Bylaws.

According to Section 6.4(a) of the UT Board Bylaws, “[w]hen a vacancy or notice of an impending vacancy occurs in the office of President, the Board or the Executive Committee shall appoint an interim or acting President.” Additionally, per Section 6.5(a), “the President is authorized to appoint an interim or acting Chancellor” when a Chancellor vacates, or gives notice to vacate, his or her office.

2018 Termination of UT Knoxville Chancellor and 2019 Retirement of UT President

At the beginning of 2018, UT’s President announced to Governor Bill Haslam and the former UT Board Vice Chair his desire to step down toward the end of 2018, giving the board some transition time to identify his replacement. On April 4, 2018, the General Assembly passed the UT FOCUS Act, which vacated and reconstituted the existing board as of July 1, 2018. On May 2, 2018, the UT President terminated the former UTK Chancellor’s employment, appointing an Interim Chancellor the next day.

The current UT Board held its inaugural meeting on August 1, 2018, during which it elected the Chair and assigned members to the 4 standing committees. At that time, only 7 of the 10 Governor-appointed members had received legislative confirmation. On September 17, 2018, the President formally announced his accelerated retirement, ending his duties on November 21, 2018, with formal retirement set for February 14, 2019. On September 25, 2018, the UT Board’s 7 members met for the second time and passed Resolution 007-2018 on the Board Chair’s nomination, appointing the Interim President with zero salary; an annual stipend of \$10,000 for insurance reimbursement; and a term beginning November 22, 2018, extending up to 24 months or until the appointment of a new President, following an external search.

In an article published November 26, 2018, the newly appointed Interim President stated that one of his first priorities was “making sure we have a great successor” for both the UTK

Chancellor and the UT President.⁹ On November 28, 2018, the Interim President announced the search committee for the permanent UTK Chancellor position (see **Table 2**).

Table 2
2019 UT Knoxville Chancellor Search Committee
Announced November 28, 2018

Name	Position
Keith Carver	Chancellor, UT Martin
Misty Anderson	Faculty Senate President and Lindsay Young Professor of English, UT Knoxville
Chip Bryant	Vice Chancellor for Advancement, UT Knoxville
Mark Dean	Interim Dean of the Tickle College of Engineering, UT Knoxville
Bill Fox	Randy and Jenny Boyd Distinguished Professor and Director of the Boyd Center for Business and Economic Research, UT Knoxville
Ovi Kabir	Student Government Association President, UT Knoxville
Amy Miles	UT Board Member, Chair of the Audit and Compliance Committee
Donnie Smith	UT Board Member, Chair of the Education, Research, and Service Committee
Michael Smith-Porter	Project Coordinator, Student Recruitment, UT Knoxville
Cara Sulyok	Graduate Student Senate President, UT Knoxville
Thomas Zacharia	Director, Oak Ridge National Laboratory

Source: <https://Tennessee.edu/execsearch/ut-knoxville-chancellor/search-committee/> and UT System News, November 28, 2018.

The search committee announced four finalists on April 10, 2019 (see **Table 3**). Each finalist participated in a one-hour open public forum, which was live-streamed.

⁹ Source: <https://www.knoxnews.com/story/news/education/2018/11/26/randy-boyd-university-tennessee-interim-president-ut/1977333002/>.

Table 3
2019 UT Knoxville Chancellor Nominees and Open Forum Schedule
Announced April 10, 2019

Name	Title	Open Forum Information
Donde Plowman	Executive Vice Chancellor and Chief Academic Officer at the University of Nebraska-Lincoln	Tuesday, April 16, 2019 2:30 – 3:30 p.m. Student Union Auditorium
Brian Noland	President of East Tennessee State University	Wednesday, April 17, 2019 2:30 – 3:30 p.m. Student Union Auditorium
William Tate	Dean of the Graduate School and Vice Provost for Graduate Education at Washington University (St. Louis)	Thursday, April 18, 2019 9:45 – 10:45 a.m. Student Union Auditorium
Bill Hardgrave	Provost and Senior Vice President for Academic Affairs at Auburn University	Thursday, April 18, 2019 3:00 – 4:00 p.m. Room 101 Strong Hall

Source: University of Tennessee System News, April 10, 2019.

On April 26, 2019, the Interim President announced the selection of the recommended candidate, pending the approval of the UT Board. The UT Board approved the appointment on May 3, 2019.

Audit Results

- Audit Objective:** Did the UT Board approve (according to the President’s recommendation) appointments and initial salaries of Chancellors as designated in the bylaws, pursuant to Section 49-9-209(d)(1)(C), *Tennessee Code Annotated*?

Conclusion: Based on a review of meeting minutes, the Interim President has only appointed the UT Knoxville Chancellor. The UT Board approved this appointment, including salary and tenure status, in a special meeting on May 3, 2019.

- Audit Objective:** To fulfill Section 49-9-209(d)(1)(M), *Tennessee Code Annotated*, did the UT Board periodically evaluate academic programs to identify efficiencies?

Conclusion: Based on the UT Board meeting minutes, the Education, Research, and Service Committee met on June 21, 2019, and discussed the list of academic programs, ratification of actions to terminate or inactivate programs, program modifications, and the addition of a new academic unit. The Education, Research, and Service Charter does list the annual review of academic programs as one of the other responsibilities of this committee.

- Audit Objective:** As directed by Section 49-9-209(f), *Tennessee Code Annotated*, did the UT Board have a process for approving the bachelor’s, master’s, and doctoral degree programs that the university offers?

Conclusion: We determined that THEC had a new academic program creation process that included the UT Board's approval.

4. **Audit Objective:** As established in Section 49-9-209(f), *Tennessee Code Annotated*, did the UT Board provide advice and consent when the President and Chancellors certified that students had satisfied all degree requirements and obligations to the university?

Conclusion: Our review disclosed that the board provided advice and consent.

5. **Audit Objective:** Did the UT Board guide the university to implement a mechanism to ensure that it had the correct academic emphases to benefit the state?

Conclusion: Based on our testwork, by recommending that each campus create a strategic plan, the UT Board created such a mechanism. Although THEC did not play a role in determining the university's academic emphases in regard to the strategic plan, THEC is involved in areas that affect the strategic plan. These areas include, but are not limited to, approving and monitoring academic programs. In addition, THEC produces annual Academic Supply and Occupational Demand reports.

6. **Audit Objective:** Did the UT Board ensure that the university met Southern Association of Colleges and Schools (SACS) standards?

Conclusion: Each of the university's four main campuses currently has SACS accreditation. The Knoxville campus last received reaccreditation in 2015 and will undergo reaffirmation in 2025; the Chattanooga campus last received reaccreditation in 2011 and will undergo reaffirmation in 2022; the Martin campus last received reaccreditation in 2013 and will undergo reaffirmation in 2023; and the Health Science Center last received accreditation in 2015 and will undergo reaffirmation in 2020.

7. **Audit Objective:** Did the UT Board monitor the university's nonacademic programs (other than athletics) pursuant to Section 49-9-209(d)(1)(L), *Tennessee Code Annotated*?

Conclusion: Based on our review, we determined that the UT Board should increase its oversight over a number of nonacademic programs. See **Findings 1** and **2** and **Observation 3**.

8. **Audit Objective:** Did the UT Board establish bylaws, rules, and regulations covering the governance of the university, in compliance with Section 49-9-209(e), *Tennessee Code Annotated*?

Conclusion: The UT Board adopted bylaws at its inaugural meeting on August 1, 2018.

9. Audit Objective: Did the UT Board develop a process for campus advisory boards to submit recommendations to the UT President for campus strategic plans and operating budgets, pursuant to Section 49-9-209(d)(1)(N) and (O)?

Conclusion: The UT Board developed a process for campus advisory boards to submit strategic plan and operating budget recommendations to the UT President as defined in System-wide Policy BT0025 and BT0026.

10. Audit Objective: Did the UT Board engage in a transparent process when searching for and appointing the Interim President?

Conclusion: While it did adhere to UT Board bylaws, the search process may have benefited from increased transparency. See **Observation 1** and **Matter for Legislative Consideration**.

11. Audit Objective: Did the UT Board enter into a written employment contract with the UT Interim President to set his salary, establish its termination authority, and define the President's duties?

Conclusion: We determined that the UT Board did not enter into a written employment contract with the Interim President. See **Observation 2**.

12. Audit Objective: Did the search, recommendation, and appointment of the UT Knoxville Chancellor comply with Sections 49-7-154(a) and 49-9-209(d)(1)(C), *Tennessee Code Annotated*, and UT Board bylaws?

Conclusion: The UT Board approved the appointment, salary, and other terms of employment for the UTK Chancellor. Since statute addresses the appointment of Chancellors but not Interim Chancellors, we included a **Matter for Legislative Consideration**.

13. Audit Objective: Did the UT Board ensure that the President performed annual evaluations of Chancellors, pursuant to Section 49-9-209(d)(1)(C)(i), *Tennessee Code Annotated*?

Conclusion: Based on our review of UT Chancellor evaluations conducted during our audit period, the former UT President conducted annual performance evaluations in April 2018, and the current Interim UT President conducted annual performance evaluations in April 2019.

14. Audit Objective: Did the UT Board fulfill its responsibilities regarding the approval of the UTHSC proposed ground lease?

Conclusion: Based on our testwork, the previous and current UT Board did not fulfill its oversight and fiduciary responsibilities regarding this lease since this decision was delegated to management. See **Observation 4**.

Methodology to Achieve Objectives

To achieve all of our objectives, we reviewed pertinent sections of *Tennessee Code Annotated*; online information and news articles; UT Board bylaws, minutes, meeting materials, and archived videos; and UT Board committee charters. We also attended the June 21, 2019, UT Board meeting and interviewed the key personnel, including the UT Board Chair.

To achieve our objective related to academic programs, we interviewed management and staff with the UT Academic Department and THEC and reviewed THEC policies and procedures. We researched SACS accreditation, including the 2019 Accreditation and Candidate list.

To achieve our objective related to annual evaluations, we reviewed the performance evaluations conducted for calendar years 2017 and 2018, which were performed in 2018 and 2019 respectively.

To achieve our objective related to the UTHSC proposed ground lease, we reviewed online information; UT Office of Audit and Compliance working papers; the UT Board and standing committee charters, meeting minutes, and meeting materials; pertinent sections of *Tennessee Code Annotated*; UT Board policies; State Building Commission policies, rules, and minutes; and THEC policies and rules.

Finding 1 – The UT Board should work to increase communication, coordination, and collaboration between the UT campuses

The UT Board oversees the UT University System, including its four main campuses. Pursuant to Section 49-9-209(d)(1), *Tennessee Code Annotated*, the board appoints and delegates daily supervision of the UT System to the President, who serves as the chief executive officer of the UT System. The UT Board also appoints, at the President's recommendation, Chancellors for each of the four primary campuses.

Through delegation of authority, the UT Board maintains focus on strategic decisions. The board develops bylaws and approves institution-wide policies for the UT System, while the President and Chancellors are responsible for implementing directives and overseeing daily operations. Delegating authority to Chancellors provides each campus a voice in the budget process and allows hands-on leadership at the local campus level. UTK, UTC, UTM, and UTHSC operate as autonomous units, complete with their own administrative and clerical staff, reporting systems, daily policies and procedures, and attitudes of individuality. Each campus has its own operating budget, recommended by its respective Chancellor and advisory board and submitted to the President; the President ultimately submits a final budget to the UT Board for approval.

The UT Board must also fulfill its charge as described in Section 49-9-209(d)(1)(T), *Tennessee Code Annotated*, to “exercise all powers and take all actions necessary, proper, or convenient for the accomplishment of the university’s mission.” The mission of the UT System includes, “through its multiple campuses and institutes, [serving] the people of Tennessee and beyond through the discovery, communication and application of knowledge . . . The UT System’s delivery of education, discovery, outreach and public service contributes to the economic, social and environmental well-being of all Tennesseans.” In keeping with the UT System’s goals, the mission of the UT System administration is “to advance the educational, discovery, creative and outreach programs of the campuses and institutes through leadership that removes obstacles, understands needs, provides advocacy, secures resources, promotes accountability, fosters diversity, promotes innovation, coordinates campus efforts, and delivers efficient and effective central services.”

As amended by the UT FOCUS Act, Section 49-9-209(d)(1)(M), *Tennessee Code Annotated*, specifically assigns the board the following responsibility: “Evaluate administrative operations and academic programs periodically to identify efficiencies to be achieved through streamlining, consolidation, reallocation, or other measures.”

While each campus has its own distinct culture, during our audit we identified several areas that could benefit from centralized oversight and consistent policies, procedures, and standards:

- Hiring athletic administrators and coaches – As members of the National Collegiate Athletic Association (NCAA), UTK, UTC, and UTM participate in a variety of NCAA-sanctioned sports, including football, basketball, and baseball. NCAA guidelines require that each campus, “as opposed to any outside source,” must control athletics employment and salary decisions; therefore, the UT Board does not participate in

The UT TEAM

In December 2018, the UT Interim President created the **Task Force for Effective Administration and Management (TEAM)**, which consists of various administrative officials from the UT System and campuses with a stated effort of clarifying the roles and responsibilities between UT System administration and the individual campuses and institutes.

With a goal of eliminating redundancies and non-value-added processes, the TEAM began by reviewing and forming working groups in five specific areas:

- capital projects,
- information technology,
- procurement and contracts,
- human resources, and
- communications.

In an effort to gather information, the UT System commissioned a system effectiveness study facilitated by Deloitte, an auditing and consulting firm. The executive summary of this study, available at <https://tennessee.edu/transparency/team/> and dated June 5, 2019, presents potential objectives to improve the system’s processes and compliance with leading business practices.

“Importantly, our campuses benefit from the horizontal system efforts of capital planning, financial governance, legal, government relations, and audit and compliance. This is really no different than a corporation with multiple divisions. One UT system pulling together for the greater good was true 50 years ago and remains true today.”

- Chair of the UT Board of Trustees,
August 1, 2018 special meeting minutes

athletics hiring decisions. The campuses must comply with other NCAA regulations in addition to federal and state laws when hiring head coaches and assistant coaches, as well as athletic directors and other administrators. To ensure compliance with federal and state regulations, the UT System employs system-wide human resources policies and procedures for employee management, including hiring and terminating, but each campus employs its own internal guidelines for expediting the hiring process of coaches and athletic directors. The UT Board could provide further assurance of compliance by advancing system-wide policies over these expedited processes. We provide more

information on athletics hiring in our **Athletics Programs** section.

- Gauging faculty satisfaction – The UT System does not have a uniform method to measure and analyze faculty satisfaction, and the UT Board does not review comprehensive turnover data. For more information, see **Observation 6** in the **Student and Faculty Engagement** section of our report.
- Providing mental health services – The campuses’ mental health services groups do not communicate or share resources with each other. We describe this condition in more detail in **Finding 12** in the **Mental Health Services** section.
- Ensuring campus safety – The separate UT campuses do not coordinate efforts among their campus police departments or promote accountability for student safety, including required reporting for Title IX and the Clery Act. The board should consider establishing a **UT System Campus Security Coordinator** to oversee campus security operations and to ensure the consistency of security technology, staffing, and facilities and a **UT System Clery Coordinator** to serve as a centralized resource for campus Clery Coordinators and to help ensure Clery Act compliance. The UT Board should also determine if the **UT System Title IX Coordinator**, a position which currently serves as both a system-wide and UTK campus administrator, can adequately ensure system-wide compliance with Title IX and can coordinate campuses’ Title IX offices, including establishing a centralized database of Title IX cases for continued oversight, while still fulfilling the various responsibilities of a campus coordinator. For additional details, see **Findings 3** through **10** in the **Campus Security and Safety** section.
- Aligning information systems – UT campuses could improve their coordination of information systems to provide timely, accurate student and employee data necessary for strategic decisions; additionally, the four primary campuses used three different information systems in their provision of mental health services, with inconsistent levels of service offerings. A centralized system may improve the ability of system-wide staff to access, analyze, and provide aggregate information to the UT Board for their monitoring of campuses’ performance and making strategic decisions. Also, coordinating mental health services’ information systems could improve the level of services that students receive. We address centralized information systems for student

and employee data in **Observation 3** and present further information on mental health services in **Finding 11**.

- Allocation of resources – Moreover, making campus structures more efficient and effective would help ensure that all UT System faculty, staff, and students receive appropriate resources regardless of their location. The UT Chief Financial Officer and the board’s Finance and Administration Committee expressed concern at the March 1, 2019, meeting that for fiscal year 2018, current expenses exceeded revenues at UTM by more than \$700 thousand and that UTM is financially “weak for the second year.” Furthermore, since Martin is UT’s most rural campus, correcting inequities for that campus aligns with Governor Lee’s priority of “supporting our rural communities.”

The U.S. Government Accountability Office’s *Standards for Internal Control in the Federal Government* (Green Book) sets internal control standards for federal entities and serves as best practices for non-federal entities. In Principle 2, “Exercise Oversight Responsibility,” the Green Book prescribes that oversight bodies (such as the UT Board) are responsible for overseeing the entity’s internal control system, including the control environment. Paragraph 2.10 states, “The oversight body oversees management’s design, implementation, and operation of the entity’s organizational structure so that the processes necessary to enable the oversight body to fulfill its responsibilities exist and are operating effectively.”

Paragraph 2.12 adds, “The oversight body also provides direction when a deficiency crosses organizational boundaries or units, or when the interests of management may conflict with remediation efforts. When appropriate and authorized, the oversight body may direct the creation of teams to address or oversee specific matters critical to achieving the entity’s objectives.”

Recommendation

To promote effective and efficient operations and ensure compliance with applicable laws and regulations, the UT Board should work to improve system-wide collaboration, communication, and coordination.

Management’s Comment

Management concurs in principle with Finding 1 and asserts that a commitment to increasing communication, coordination, and collaboration between the UT campuses is reflected in the System Strategic Plan approved by the Board on June 21, 2019. The plan incorporates the concept of building a “One UT” culture and establishes a goal of implementing IT solutions that enhance data-driven decisions supporting academic and administrative excellence. The commitment to increasing communication, coordination, and collaboration is also demonstrated in the work of the Task Force for Effective Administration and Management (TEAM), which is discussed in Management’s Comment in response to *Identifying Efficiencies* under Finding 2.

While concurring in principle with Finding 1, Management does not concur entirely with some of the specific areas the report finds “could benefit from centralized oversight and consistent policies, procedures, and standards.” The specific areas are discussed below.

Hiring athletic administrators and coaches. The report concludes that

. . . [E]ach campus employs its own internal guidelines for expediting the hiring process of coaches and athletic directors. The UT Board could provide further assurance of compliance by advancing system-wide policies over these expedited processes.

The report acknowledges the need for expedited hiring processes for coaches and athletics directors and does not identify any specific instance in which a particular campus process has been problematic in terms of compliance with applicable state and federal regulations, UT policies, or NCAA rules. Although we do not understand the basis for the report's conclusion that system-wide policies are needed, the Office of the General Counsel will review the expedited hiring process used by each campus and report to the Chair of the Board and the President on whether a system-wide expedited hiring process is needed to provide assurance of compliance with applicable laws and regulations.

Gauging faculty satisfaction. The report correctly states that the UT System currently does not have a uniform method to measure and analyze faculty satisfaction. However, the System Strategic Plan approved by the Board on June 21, 2019 includes the specific goal of assessing faculty and staff satisfaction and effectiveness through coordination of a system-wide process for surveying faculty, staff, and students related to culture and engagement. An initial "pulse" survey is planned for distribution to faculty and staff across the UT System early in 2020.

With respect to faculty turnover data, although it is true that a comprehensive analysis of faculty turnover has not been provided regularly to the Board in the past, the current Board has asked for this data on an annual basis going forward. At the June 21, 2019 meeting of the Education, Research, and Service Committee, the Chair of the Board asked for an annual report on the state of the University's workforce, specifically including data and analysis of faculty and staff turnover [Minutes of the June 21, 2019 committee meeting, page 8]. At the November 8, 2019 meeting of the Finance and Administration Committee, the members reviewed and discussed a list of Key Performance Indicators the committee should be monitoring on a regular basis, and the list includes faculty/staff turnover.

Providing mental health services. Please see Management's Comment in response to Finding 11.

Ensuring campus safety. Management agrees the Board needs assurance that adequate resources are being devoted to the safety of students and the entire campus community and assurance that campuses are complying with their crime reporting and other obligations under the Clery Act. Management is not prepared at this time to commit to how this oversight would best be accomplished, but Management is committed to studying the question carefully, including a review of system-level oversight practices at other institutions. At a minimum, an annual report to the Board on campus safety will be initiated.

Management does not agree that there is no coordination of campus efforts with respect to Title IX. As the report later recognizes, there is a UT System Title IX Coordinator, who also serves

as the Title IX Coordinator for UT Knoxville. The report suggests the following: “The UT Board should also determine if the UT System Title IX Coordinator, a position which currently serves as both a system-wide and UTK campus administrator, can adequately ensure system-wide compliance with Title IX and can coordinate campuses’ Title IX offices, including establishing a centralized database of Title IX cases for continued oversight, while still fulfilling the various responsibilities of a campus coordinator.” Management does not believe a separate UT System Title IX Coordinator is necessary but will determine whether additional resources should be allocated to the system-wide role.

For further response, please see Management’s Comments in response to Findings 3-10.

Aligning information systems. Management agrees that improvement is needed in the University’s information management systems. For that reason, Information Technology will be a major focus in the first phase of the Enterprise Resource Planning (ERP) project, which is addressed in Management’s Comment in response to *Identifying Efficiencies* under Finding 2.

- *Student Data.* In Observation 3, the report accurately notes that each UT campus independently implemented Ellucian Banner, the current enterprise student information system, and therefore each campus collects student information data differently, making it difficult to compare data from campus to campus. A solution will require each campus to change longstanding academic practices to conform to a system-wide standard, and that process will require substantial time, effort, and change management. For that reason, the student information system will be addressed in the second phase of the Enterprise Resource Planning (ERP) project.
- *Mental Health Services.* Please see Management’s Comment in response to Finding 11.
- *Employment Data.* The entire UT System currently uses SAP’s ECC (Enterprise Resource Planning Central Component) software for managing human resource records and Oracle Taleo for staff recruitment. Management believes the reference in Observation 3 to inconsistent employee data entries may be due, in part, to a misunderstanding of the University’s employment practices.

Allocation of resources. Management agrees that promoting efficiency and effectiveness in campus structures may lead to costs savings that can be reallocated to mission purposes for the benefit of faculty, staff, and students. Management disagrees, however, with the implication that “inequity” in the allocation of resources is the cause of the current financial stress at UT Martin. The implication is fundamentally inconsistent with the funding model for public institutions of higher education in Tennessee. Higher education governing boards do not allocate revenue among campuses. Campus revenues are determined by factors over which the governing board has limited or no control—state funding, changes in enrollment, and tuition and fees (because tuition and fee increases are limited by THEC’s binding caps).

State funding for higher education is determined through the annual appropriations process. UT Martin’s allocation of state funding is calculated by THEC using the performance-based funding formula. UT Martin’s share has suffered in recent years due to declines in enrollment, which is a factor in the performance-based funding formula. Enrollment declines have had an even

greater impact on UT Martin tuition and fee revenues, which comprised 60% of UT Martin's unrestricted Education & General funding in FY 2018-19.

The Board of Trustees is well aware of UT Martin's unique role and importance in rural West Tennessee and is committed to pressing for solutions to the financial issues created by economic and demographic challenges. The Board's concern led to the call for Chancellor Carver and CFO Miller to develop a UT Martin strategic financial plan for presentation to the Board. The initial phase of a five-year plan was presented to the Board on November 8, 2019. There are early indications that the situation is turning in the right direction, with headcount enrollment having increased in each of the last three years. The response to UT Promise in West Tennessee has been enthusiastic and could result in further enrollment gains. The strategic financial plan includes targeted investments to improve recruitment, increase enrollments, and improve retention.

Finding 2 – The former and the current UT Board delegated its oversight role to management for key decisions; additionally, the current UT Board is still working to fulfill its statutory responsibilities

As a result of our review, we have determined that the UT Board has delegated certain strategic responsibilities to management. Additionally, the UT Board has not yet fulfilled various statutorily required responsibilities, including oversight of specific facets of the UT System.

Delegation of Strategic Responsibilities to Management

We identified the following instances where the UT Board delegated strategic decisions and key responsibilities to management.

High-Impact Decisions

The former UT Board delegated its authority in the facilities outsourcing initiative. To facilitate information gathering and analysis and to ensure the UT Board and management make the best decisions, the current board should review its process for making high-impact system-wide decisions to ensure the process includes consistent, complete, accurate, and transparent data from all campuses. Further details are contained in **Observation 8**.

UTHSC Ground Lease

On March 1, 2019, the Finance and Administration Committee Chair and the full current UT Board approved a UTHSC ground lease potentially lasting 60 years for a private housing development. Even though key details remained undefined, the committee members spoke in favor of the lease arrangement and asked no substantive questions prior to their vote for approval. In the full board meeting, the members held no discussion at all before approving the arrangement. Moreover, the UT Board delegated final approval of the terms and conditions to the Chief Financial Officer in consultation with the Finance and Administration Committee Chair. We present additional details in **Observation 4**.

UT Promise

The Interim UT President announced a new financial aid program, UT Promise, at the “State of UT” address on March 14, 2019. Although state statute, as amended by the UT FOCUS Act, assigns the UT Board responsibility for evaluating student financial aid, the current UT Board did not discuss and approve UT Promise in a board meeting prior to its public announcement. For more information, see **Finding 12**.

Current UT Board Still Working to Fulfill Statutory Responsibilities

While we found that statute, including the additions made by the UT FOCUS Act, specifically assigned the current UT Board a broad array of responsibilities, the current UT Board has not yet fulfilled or developed a plan to fulfill various responsibilities outlined in *Tennessee Code Annotated*.

Nonacademic Programs

Through the UT FOCUS Act, the Tennessee General Assembly assigned the UT Board the following responsibility in Section 49-9-209(d)(1)(L), *Tennessee Code Annotated*: “Monitor the university’s nonacademic programs, other than athletics, including programs related to diversity and monitor compliance of nonacademic programs with federal and state laws, rules, and regulations.” When we interviewed the UT Board Chair on May 23, 2019, he reported that other than athletics, the UT Board has not yet addressed various nonacademic programs. During our testwork, we found that the board had not yet become strategically involved in the key nonacademic programs of either student safety and campus security or mental health services.

- **Campus Security and Safety** – Our review indicated that UT management has not established policies, procedures, or requirements in relation to student safety and campus security. Campus security is managed differently across the four campuses we tested: Knoxville, Chattanooga, Martin, and the Health Science Center. All the campuses told us they are not required to notify the UT Board for any emergencies or events that threaten campus safety or provide them with any monitoring reports. Our audit work resulted in eight findings (see **Findings 3** through **10** and **Observation 5**).
- **Mental Health Services** – Upon examining the minutes and materials for the former UT Board and subcommittee meetings, we discovered that the former UT Board did not exercise oversight over the UT System’s mental health programs. Based on our review, including discussion with the current UT Board Chair, the current UT Board has not yet evaluated this area. We identified weaknesses with mental health services provided by each of the four primary campuses. We provide further information in **Finding 11**.

Students and Faculty

According to Section 49-9-209(d)(1)(T), *Tennessee Code Annotated*, the board should “exercise all powers and take all actions necessary, proper, or convenient for the accomplishment of the university’s mission and the responsibilities of the board.” Both students and faculty

comprise vital components of the UT System’s mission; however, the UT Board has not yet adequately engaged either of these populations.

- Student Conduct and Satisfaction – While the UT Board approved the Student Code of Conduct Policy for each campus, the board has not yet assessed and addressed student concerns with basic elements of campus life (such as dorm conditions, food quality, parking availability, and Internet service), which increases the risk of student dissatisfaction. For additional information, see **Observation 6**.
- Faculty Retention and Evaluation – Our testwork results showed that the UT Board has not yet gauged faculty satisfaction or analyzed faculty turnover. Based on our research, common methods to track faculty satisfaction include system-wide assessments, grievances expressed through the Faculty Senate, exit interviews, and turnover monitoring. The UT Human Resources Technologies and Metrics office provided three-year statistics and trends for employee turnover in December 2018; however, our review of meeting minutes for both the full UT Board and the Education, Research, and Services Committee revealed no related discussion concerning turnover. We expand upon faculty retention and evaluation deficiencies in **Observation 6**.

Student Financial Aid

Section 49-9-209(d)(1)(K), *Tennessee Code Annotated*, requires the UT Board to “evaluate student financial aid in relation to the cost of attendance and approve any necessary policies to improve the availability of financial aid that are in the best interest of students, the university, and the state.” Our review of the full UT Board meeting minutes and the Finance and Administration Committee meeting minutes between August 1, 2018, and June 30, 2019, disclosed that while the board considered tuition, tuition discounts, differential tuition, and student fees when discussing the 2019–2020 budget, there was no discussion regarding student financial aid.

Intercollegiate Athletics

As part of revisions enacted by the UT FOCUS Act, Section 49-9-209(d)(1)(J), *Tennessee Code Annotated*, requires the UT Board to “oversee and monitor the operation of the intercollegiate athletics programs of the university, including proposed actions reasonably anticipated to have a long-term impact on the operations, reputation, and standing of the intercollegiate athletics programs or the university.” To initially assist the UT Board in fulfilling these responsibilities, the UT Board appointed a Special Committee on University of Tennessee Athletics Programs on November 2, 2018, and charged the special committee with six specific tasks.¹⁰ According to the special committee’s charge, when those tasks have been completed, the special committee will dissolve; according to UT management, the oversight and monitoring responsibilities will then be exercised by the UT Board and appropriate standing committees. The special committee held its first meetings on June 19, 2019, and September 12, 2019; therefore, the special committee has made progress toward fulfilling the six items included in its charge but has not yet fulfilled the charge entirely. For more information regarding UT Board athletics oversight, see the **Athletics Programs** section.

¹⁰ We present the Special Committee on University of Tennessee Athletics Programs’ charge on page 192.

Identifying Efficiencies

Section 49-9-209(d)(1)(M), *Tennessee Code Annotated*, mandates that the UT Board “evaluate administrative operations and academic programs periodically to identify efficiencies to be achieved through streamlining, consolidation, reallocation, or other measures.” In December 2018, the Interim President launched the Task Force on Effective Administration and Management (TEAM), utilizing working groups to conduct assessments of five functional areas: capital projects; human resources; procurement and contracting; information technology; and communications and marketing. The university also contracted with an outside firm to collaborate with the working groups for the development of the system effectiveness study. The study, issued June 5, 2019, and presented to the UT Board on June 21, 2019, made recommendations for efficiency and effectiveness improvements in each subject area. The UT Board, in conjunction with UT management, should consider implementing these recommendations. We identified further opportunities for improvement and consolidation during our testwork. See **Finding 1**.

Discussion With UT Board Chair on Progress

During our interview with the UT Board Chair, conducted May 23, 2019, we asked him about his assessment of the UT Board’s progress so far. He responded that he was pleased with the UT Board’s progress. He characterized the board’s focus thus far as “putting out fires”:

- The current UT Board was officially appointed in July 2018, dropping the membership from 27 to 7 at that time. All members serve as unsalaried volunteers, in addition to their external professional responsibilities. He said that the amount of time spent by each member has been 50 to 70% more than the members anticipated, and he observed that the new board has fewer committees than the previous board. According to the UT Board Chair, the first three to four board meetings were not typical with most of the time spent learning; that is why he made them two-day meetings.
- Because of legislators’ concerns with the previous board, as shared during current board member approval hearings, the current board first held listening tours across the state to gather information from students, faculty, public, donors, and other stakeholders. The Chair reported that the overarching message the board received was the need for more transparency and access and that while the board has made several improvements (such as making materials available to both the board and public seven days in advance of meetings and extending the time allotted to public presenters from 30 minutes to 60 minutes), he realizes there is more to do in the future.
- After the August and September 2018 UT Board meetings, the former President notified the Chair that he was moving up his retirement; the resulting search process for an Interim President took time and effort.
- The UT Board participated in the search process to select the UTK Chancellor.

Overall, the UT Board Chair said there are good people on the board, they are well-qualified,¹¹ and they are learning a lot by having board meetings at different locations. The long-term view is to prepare for the future.

Governing Body Guidance

Various organizations and associations distribute best practice guidance for the oversight framework of governing bodies, including the U.S. Government Accountability Office (GAO), the Association of Governing Boards (AGB), and the Southern Association of Colleges and Schools (SACS).

U.S. Government Accountability Office (GAO)

GAO's *Standards for Internal Control in the Federal Government* (Green Book) sets internal control standards for federal entities and serves as best practices for non-federal entities. The Green Book assigns governing bodies responsibilities for an organization's control environment, including making strategic decisions. In Principle 2, "Exercise Oversight Responsibility," the Green Book explains,

An oversight body oversees the entity's operations . . . and where appropriate, makes oversight decisions so that the entity achieves its objectives in alignment with the entity's integrity and ethical values. . . . Capabilities expected of all members of an oversight body include integrity and ethical values, leadership, critical thinking, and problem-solving abilities. . . . Independent members with relevant expertise provide value through their impartial evaluation of the entity and its operations in achieving objectives.

The Green Book goes on to establish in Principle 2 that members of an oversight body should "provide constructive criticism of management" and that they should "scrutinize and question management's activities" and "present alternative views."

Association of Governing Boards (AGB)

In the *AGB Board of Directors' Statement on the Fiduciary Duties of Governing Board Members of Universities and Colleges* as well as the *Statement on Shared Governance*, the AGB stipulates that governing boards and not management have ultimate strategic responsibility for universities. As in business, governing board members must demonstrate a fiduciary duty to the entity they serve. According to the AGB,

A fiduciary owes particular duties to the institution he or she serves. They are commonly known . . . as the fiduciary duties of care, loyalty, and obedience. Taken together, they require board members to make careful, good-faith decisions in the best interest of the institution consistent with its public or charitable mission, independent of undue influence from any party or from financial interests. . . . Board

¹¹ We list board member qualifications in **Appendix 1**.

member independence is increasingly sought after by regulators and key stakeholders to ensure adherence to the duty of loyalty. In this context . . . the board member acts independently of any personal relationship he or she may have with the president or senior leaders of the college or university or with other board members.

Furthermore, the AGB mandates that

Under the duty of care, governing boards of colleges and universities are responsible for both the short- and long-term financial health of the institution and achievement of the goal of preserving the institution and its resources for future generations. At the same time, governing boards have the obligation to develop and protect the quality of the institution's academic programs and to become appropriately engaged in the oversight thereof.

Regarding shared governance, the AGB adds, "While recognizing the president's essential role in facilitating shared governance, the board should also respect the complexity of that task and partner with the president rather than delegate away that responsibility."

Southern Association of Colleges and Schools (SACS)

In its *The Principles of Accreditation: Foundations for Quality Enhancement*, SACS states in Section 4, "Governing Board," that a governing board "is not presided over by the chief executive officer of the institution." Additionally, it states that the governing board performs the following duties:

- a. ensures the regular review of the institution's mission. (Mission review)
- b. ensures a clear and appropriate distinction between the policymaking function of the board and the responsibility of the administration and faculty to administer and implement policy. (Board/administrative distinction)
- c. selects and regularly evaluates the institution's chief executive officer. (CEO evaluation/selection)
- d. defines and addresses potential conflict of interest for its members. (Conflict of interest)
- e. has appropriate and fair processes for the dismissal of a board member. (Board dismissal)
- f. protects the institution from undue influence by external persons or bodies. (External influence)
- g. defines and regularly evaluates its responsibilities and expectations. (Board self-evaluation)

While a governing body should not interfere in the day-to-day operations of the institution, the UT Board should provide oversight to guide management in the administration of the UT System. Without such oversight, the UT Board may not identify issues and address key concerns and cannot effectively provide strategic direction to the UT System.

Recommendation

The UT Board should continue to focus on fulfilling their oversight duties—including fiduciary duties of care, loyalty, and obedience—as outlined by the Green Book, AGB statements, and SACS standards. Moreover, we recommend the UT Board consider developing and then executing a plan to fulfill all duties mandated by statute.

Management's Comment

Delegation of Strategic Responsibilities to Management

Management does not concur with this finding. A response to each cited instance of delegation is provided below:

High-Impact Decisions (Facilities Outsourcing Initiative)

The process of evaluating the facilities maintenance outsourcing decision was made by the former Board of Trustees in November 2017. The former Board followed the process outlined at the inception of the outsourcing initiative. In a joint statement by the State of Tennessee (through the Office of Customer Focused Government), the Tennessee Board of Regents, and the University of Tennessee on February 17, 2016, the three entities stated expressly that the final decision “belongs to the campuses.” The joint statement is available at the following link:

<http://tennessee.edu/static/email/docs/2016-02-17-Joint-Statement-FM-Exploration.pdf>

This process was reiterated throughout the evaluation period. Furthermore, the data analysis used by the campuses was developed in partnership with the state’s selected vendor over a period of months. The individual campuses were in the best position to analyze the proposals, which were customized to each campus. The decisions and rationale were presented to the Board by each campus. At two of the four campuses (UTC and UT Martin), the vendor proposed little or no savings. The two campuses for which savings were projected (UTHSC and UTK) were required by the Board to submit plans to achieve equal or greater savings.

UTHSC Ground Lease

There was no delegation of the Board’s oversight responsibility with respect to the UTHSC ground lease in question. No statute, bylaw, UT policy, or State Building Commission policy requires the Board of Trustees to approve real property leases of any kind or duration. Furthermore, the Board fully exercised its oversight responsibility with respect to this transaction by reviewing general terms and conditions of the proposed ground lease presented in the materials for the March 1, 2019 meeting of the Board. Based on that review, the Finance and Administration Committee and the Board of Trustees approved the proposed ground lease in principle.

The following terms and conditions of the proposed ground lease were included for the Trustees’ review in the March 1, 2019 meeting materials:

- The University would have no financial obligation for the private housing development, nor would it guarantee occupancy.
- The initial lease term would be 30 years, with two 15-year options to extend.
- In addition to providing quality housing for UTHSC students in close proximity to the campus, consideration for the transaction would include an annual rent of \$207,500, which would increase by five percent every five years.
- The University would have the right to approve the design.
- A maximum of 5% of the square footage, excluding garages, could be used for retail or commercial purposes, subject to the prohibited uses specifically listed in the Board meeting materials.
- Uses not prohibited but requiring the University's prior consent were also listed in the Board meeting materials.

Furthermore, in preparation for the March 1, 2019 meeting, the Chief Financial Officer discussed the proposed ground lease in broad terms with Trustee Bill Rhodes of Memphis, Chair of the Finance and Administration Committee. Trustee Rhodes had questions about construction quality and long-term maintenance, particularly if the management company were sold. In response, a summary of specific provisions in the proposed ground lease addressing maintenance and repair was included for the Trustees' review in the March 1, 2019 meeting materials, along with information provided by the management company regarding long-range succession planning.

The Board's approval of the proposed ground lease was "subject to satisfactory results of all due diligence reviews." Furthermore, the Board's authorization for final approval of the ground lease by the Chief Financial Officer was specifically limited to "in consultation with the Chair of the Finance and Administration Committee," which serves to ensure that the final terms and conditions are not inconsistent with those the Board reviewed and approved on March 1, 2019.

Furthermore, although Board approval of such a ground lease is not required by statute, bylaw, or policy, approval by the State Building Commission or its Executive Subcommittee is required. The Executive Subcommittee approved the proposed ground lease on March 25, 2019. The minutes of the Executive Subcommittee meeting note the following:

The development must be operated, maintained and repaired in a manner comparable to other first class apartment projects in midtown and downtown, Memphis. The lease requires replacement reserves that meet common underwriting requirements.

Due diligence, including environmental assessment, is in process, and therefore the lease has not yet been executed.

UT Promise

Management disagrees that the Board was required to approve UT Promise, which is a scholarship program, not a policy governing student financial aid. For further response, please see Management's Comment in response to Finding 12.

Current UT Board Still Working to Fulfill Statutory Responsibilities

Management concurs in part as explained below.

Nonacademic Programs

General Comments

The statutory duty referenced in the report is to monitor “compliance of nonacademic programs with federal and state laws, rules, and regulations.” The current Board has addressed institutional compliance in general by approving a charter for the Audit and Compliance Committee charging the committee with the following duties:

- Review of the University’s process for monitoring compliance with laws, regulations, and University policies.
- Review and approve the annual institutional compliance work plan.
- Review the results of the University’s compliance risk assessment process.
- Review the results of compliance work on a regular basis.
- Receive and review reports and other work prepared in conjunction with the institutional compliance efforts.

The Audit and Compliance Committee of the current Board has addressed institutional compliance at two of three meetings held in 2019. On January 10, 2019, the committee received a report on an external consultant’s review of the Office of Institutional Compliance. At the same meeting, the committee approved an institutional compliance work plan for 2019. On September 25, 2019, the committee received a report on key institutional compliance accomplishments in 2019.

Comments in Response to the Two “Nonacademic Programs” Cited in the Report.

The report cites the following as nonacademic programs for which the Board must monitor compliance with federal and state laws, rules, and regulations:

- Campus Security and Safety – Although we are unsure that campus security and safety operations are “nonacademic programs” within the meaning of Tennessee Code Annotated Section 49-9-209(d)(1)(L), Management acknowledges there are federal and state laws applicable to these operations, and Management agrees the Board needs assurance the campuses are complying with those laws. For further response, please see Management’s Comment in response to “Ensuring campus safety” under Finding 1.

The report does not cite any federal or state laws, rules, or regulations requiring the Board to establish uniform, system-wide “policies, procedures, or requirements in relation to student safety and campus security,” and Management is not aware of any. Thus, any inference that the absence of such is a failure to fulfill a statutory duty would be inaccurate.

- Mental Health Services – We are also unsure that mental health services provided by the campuses are “nonacademic programs” within the meaning of Tennessee Code Annotated Section 49-9-209(d)(1)(L). Nor are we aware of any federal or state laws,

rules, or regulations governing mental health services at higher education institutions. Nevertheless, the Board agrees that student mental health is a growing national problem and one for which the Board needs assurance that the campuses are responding appropriately to the issue. During the November 8, 2019 meeting of the Education, Research, and Service Committee, the Trustees received an overview of student mental health services at each campus. For further response, please see Management's Comment in response to Finding 11.

Students and Faculty

The report makes the conclusory statement that the Board has not yet adequately engaged with students and faculty. The Board's primary engagement with students is through the student who serves as a non-voting member on the Board of Trustees and a voting member of the Education, Research, and Service Committee. With respect to faculty, the Board's primary engagement is with the faculty member who serves as a voting member of the Education, Research, and Service Committee and through communication with Faculty Senate Presidents and other faculty members who serve on the University Faculty Council. During the past year, the Chair of the Board has met three times with the University Faculty Council.

With respect to student satisfaction, the report also states that the Board has not yet "assessed and addressed student concerns with basic elements of campus life (such as dorm conditions, food quality, parking availability and Internet service). . . ." The report does acknowledge, however, that the System Strategic Plan approved by the Board on June 21, 2019 includes the specific goal of coordinating a system-wide process for surveying faculty, staff, and students related to culture and engagement.

With respect to faculty retention and turnover, at the June 21, 2019 meeting of the Education, Research, and Service Committee, the Chair of the Board asked for an annual report on the state of the University's workforce, specifically including data and analysis of faculty and staff turnover [Minutes of the June 21, 2019 committee meeting, page 8]. At the November 8, 2019 meeting of the Finance and Administration Committee, the members reviewed and discussed a list of Key Performance Indicators the committee should be monitoring on a regular basis, and the list includes faculty/staff turnover.

Student Financial Aid

Management disagrees that there has been no discussion by the current Board of student financial aid in relation to the cost of attendance. At the May 1, 2019 and October 2, 2019 meetings of the Executive Committee, CFO David Miller presented data on tuition and fees compared to peers, estimated cost of attendance for new freshmen living on campus in 2018-2019, net cost and financial aid, affordability, and student debt. In addition, at the November 8, 2019 meeting, on the recommendation of the Finance and Administration Committee, the Board received and approved the Annual Report on Tuition and Fee Revenues for Academic Year 2018-19. This report is required by the Tuition Transparency and Accountability Act of 2018 and must include a discussion of the effect of tuition and fee increases on financial aid and the effect on total cost of attendance.

Intercollegiate Athletics

The report accurately states that the current Board appointed the Special Committee on University of Tennessee Athletics Programs to assist the new Board initially in its oversight of intercollegiate athletics. The report also accurately states that when the special committee has completed the six specific tasks included in its charge, the special committee will dissolve, and the Board and its standing committees will exercise the oversight and monitoring responsibility.

At the November 8, 2019 meeting of the Board of Trustees, the special committee presented recommendations related to three of the six tasks included in its charge:

1. Adoption of Board Policy on Oversight of Intercollegiate Athletics;
2. Within the Board oversight policy, a description of the academic, fiscal, compliance, and other reports the Board will receive on a regular basis; and
3. Mission statements for the three athletics departments reflecting the University's mission and academic values.

The Board accepted the special committee's recommendations and approved the proposed Board policy and the mission statements. The special committee gave priority to development of the Board policy because of its importance to ensure the Board carries out its oversight and monitoring responsibilities. The policy requires three annual reports to a standing committee of the Board and outlines what must be included in those reports:

1. Written report to the Finance and Administration Committee with information that will allow the Trustees to understand and monitor the finances of the athletics programs;
2. Written report to the Education, Research, and Service Committee with information that will allow the Trustees to monitor student-athlete academic progress and academic integrity in the athletics programs; and
3. Written report to the Audit and Compliance Committee with information that will allow the Trustees to understand and monitor compliance with NCAA rules and the adequacy of the institution's compliance program.

The special committee will work to complete the remaining three tasks in its charge no later than June 30, 2020.

Identifying Efficiencies

The report correctly identifies the Task Force on Effective Administration and Management (TEAM) as the University's current efficiencies initiative. This project follows more than 10 system-wide cost savings and efficiency projects dating back to the early 1990's.

Early in the first year of the newly constituted Board of Trustees, the Chair of the Board urged Interim President Boyd and CFO Miller to begin identifying opportunities for improved administrative efficiencies (including system-wide standardization of processes) that would lead to potential cost savings for reallocation to mission purposes. In response, Interim President Boyd

appointed the TEAM task force, and the Trustees received reports on the project at the February 6, 2019 Executive Committee meeting, the June 21, 2019 full Board meeting, and the November 8, 2019 Finance and Administration Committee meeting. Trustee Bill Rhodes, Chair of the Finance and Administration Committee, has repeatedly urged system-wide standardization of “back office operations” to allow the campuses to focus on their mission.

The November 8, 2019 report (the final TEAM report) specified the external consultant’s recommendations for efficiency initiatives in Human Resources, Information Technology, and Procurement. The consultant also documented a history of underinvestment in these three areas and advised that greater investment in management systems is warranted. These recommendations will serve as a framework for developing the University’s new Enterprise Resource Planning (ERP) system, beginning in January 2020. At the November 8 meeting, the Trustees also received a report on planning for the transition from an on-premises ERP system to a cloud-based ERP system. When fully implemented after five or six years, the new ERP system is expected to be transformational in terms of administrative efficiencies.

Auditor Comment

Our recommendation is grounded on the fundamental concept that the UT Board should be fully engaged in all strategic decisions impacting its students, faculty, and administration.

Observation 1 – The current UT Board’s process to search for an Interim President may have benefited from increased transparency

When the UT Board was reconstituted on July 1, 2018, one of the first priorities for the current UT Board was to identify and appoint an Interim President to fill the role of the former UT President. The current UT Board first met in August 2018, when the UT President had announced his impending retirement in November 2018. Due to the nature and timing of the UT President and UTK Chancellor vacancies,¹² the UT Board determined that it would first appoint an Interim President, then identify a permanent UTK Chancellor, and finally search for a permanent UT President. To accommodate this process, the UT Board needed a candidate for an Interim President that would both meet the administrative needs of the UT System and serve for a sufficient length of time to encompass two significant executive searches. Serving as both Chair of the UT Board and its executive committee, the UT Board Chair led the search for this interim candidate.

The UT Board Chair selected an Interim President candidate without using a formal search process, such as a search committee or formal rounds of interviews. Instead, according to the UT Board Chair, he collaborated with the former UT President, Governor Haslam, and the former UT Board Vice Chair to develop a list of characteristics a candidate should possess and to identify possible candidates. He then contacted “four to seven” individuals to gauge their interest in the Interim President position and discuss the role and responsibilities of the position. After these discussions, the UT Board Chair made his recommendation, and the UT Board unanimously voted to appoint the Interim President on September 25, 2018. Although the UT Board’s appointment of the Interim President adhered to existing statute and UT Board bylaws and may have been the

¹² We discuss the timeline of vacancies in our background section on pages 25 to 27.

most efficient and effective way to identify a candidate to meet the UT System's needs, the UT Board could have implemented a more transparent search and appointment process.

By forgoing a formal search process, the UT Board limited the availability of information concerning the decision-making process for key stakeholders, including students, faculty, and legislators. Additionally, the UT Board did not publicly establish

1. employment parameters, such as whether the Interim President would become eligible for the permanent President position or the extent to which the interim would have the authority to make strategic decisions for the UT System;
2. target dates, such as timelines for completing the Interim President search and beginning the permanent search for a President; and
3. candidate qualifications, including the level of business, management, or higher education experience required.

Since the Interim President may serve in this role for up to two years, the UT Board Chair might have chosen to consult faculty, students, or legislators.

The UT Board may wish to amend existing bylaws to ensure the transparency of future interim and acting appointments, especially appointments made for significant periods of time. Additionally, we have included a **Matter for Legislative Consideration** concerning the appointment of interim university appointments.

Matter for Legislative Consideration

The General Assembly may wish to consider revising current legislation to reference appointments of university Interim Presidents and Interim Chancellors. The General Assembly may wish to consider whether to develop a separate provision establishing an Interim President's appointment and authorities or to reference interims in the current Section 49-9-209(d)(1), *Tennessee Code Annotated*, which states,

- (A) Appoint a chief executive officer of the University of Tennessee system, who shall be the president of the University of Tennessee system. The president shall serve at the pleasure of the board, subject to the terms of any written employment contract approved by the board; and
- (B) Define the president's duties, including the president's administrative duties with respect to the system and the individual institutions of the system and, within budgetary limitations, fix the president's compensation and other terms of employment.

Additionally, the General Assembly may consider whether to develop a separate provision establishing an Interim Chancellor's appointment and authorities or to reference interims in the current Section 49-9-209(d)(1)(C), *Tennessee Code Annotated*, which states,

Approve, upon the recommendation of the president, the appointments of persons to fill vacant or new positions as chancellors of the campuses and the Institute of Agriculture and, within budgetary limitations, approve their initial compensation and other terms of employment.

Furthermore, statute addresses procedures for removing Chancellors. According to Section 49-9-209(d)(1)(C)(ii), “The president shall have authority to remove the Chancellors at any time without the approval of the board of trustees.” The General Assembly may wish to consider amending this provision to require that the UT Board approves the removal of Chancellors, both interim and permanent.

Management’s Comment

Management does not concur with the Matter for Legislative Consideration. We believe the report’s suggestion of legislation to govern interim president and chancellor appointments at public higher education institutions is unnecessary and unwise. Such interim appointments have occurred for decades across the state without significant problems and have served the institutions well, especially when a leadership change occurs sooner than expected and an interim appointment needs to be made quickly.

Management also disagrees with the suggestion of legislation to require Board approval for removal of a chancellor. Such legislation would repeal the General Assembly’s action in 2016 granting express authorization for the UT president to remove a chancellor. The 2016 legislation reflected the General Assembly’s recognition of the need for chancellors to understand their accountability to the President and the need to facilitate a change in campus leadership without a meeting of the Board.

Observation 2 – The current UT Board should consider amending its bylaws to include interim officers or enter into written employment agreements to establish the duties and authorities of interim positions

Based on our review of UT Board Bylaws, the UT Board grants all of the powers and responsibilities of permanent positions to acting or interim positions, including Interim Presidents and Interim Chancellors. Additionally, the UT Board does not dictate maximum lengths of appointments for interim or acting positions, including the “temporary assumption of the President’s duties” found in Section 7.1(b) of the UT Board Bylaws, which dictates,

If the President is unexpectedly absent or otherwise unable to perform the duties of the office for any reason, the Chair of the Board shall designate another officer of the University to assume the duties on a temporary basis.

Furthermore, UT Board Bylaws do not establish mandatory, additional reviews of interim positions. Since the current UT Board Bylaws do not include specific limitations or guidance for interim appointments, **the UT Board should consider amending its bylaws to include specific guidance for interim or acting appointees.**

The current UT Board established the Interim President's salary and benefit amounts, along with a maximum length of service of two years, in Resolution 007-2018, but it did not enter into a more defined employment contract. We also determined that the UT Board did not formalize early separation procedures for the Interim President position. Although Section 6.7 of the UT Board Bylaws and State Code establish that the UT President serves at the pleasure of the board, which has the power to remove the President at any time subject to the terms of any written employment agreement approved by the board, the bylaws do not specifically address

- a) early termination of Interim Presidents, or
- b) notice requirements if a President or Interim President intends to resign.

Other areas not formalized include additional performance reviews and documenting conflicts of interest.

The UT Board establishes the duties and authority of the UT President in the board's bylaws, which also define the parameters of the Interim President's powers and responsibilities. Since an acting or interim position is temporary in nature, the UT Board may wish to define the Interim President's authority to implement strategic initiatives that exceed the term of employment. Additionally, the UT Board may wish to establish notice timeframes for an early resignation, allowing sufficient time to identify qualified candidates willing to serve in an interim capacity. In the absence of bylaws directly applicable to interim or acting appointments, **the UT Board should consider entering into contracts with interim or acting officers to define specific requirements, responsibilities, and authority.**

During his tenure so far, the Interim President has made several strategic decisions, including

- creating the UT Promise program,
- merging the Institute of Agriculture with the UTK campus, and
- updating the UT System's strategic plan.

These strategic decisions will impact the responsibilities of the eventual permanent UT President, as well as the operating and instructional environment of the UT System, over the coming years.

Management's Comment

Management does not concur. The only University employees who serve under written employment agreement are coaches, athletics directors, and the individual serving as President for a definite term of years (i.e., not in an interim capacity). Like all other employees who do not serve under a written employment agreement, an interim President and any other interim officer is an employee *at will* and subject to termination at any time with or without cause. Historically, interim Presidents have not served under a written employment agreement. Therefore, the current Board acted in full accordance with past practice in appointing Interim President Boyd without a written employment agreement. Furthermore, Management seriously questions the wisdom of entering into written employment agreements with an interim President or any other interim officer because doing so would abandon the employment-at-will principle and require negotiating an early termination of the agreement, which in most cases would involve cost to the University.

Like other staff employees, an interim President and other interim officers are subject to all University policies and procedures applicable to staff employees, including Human Resources

policies on salary and benefits, disciplinary actions and termination procedures, required annual performance reviews, and required annual disclosure of conflicts of interest. Furthermore, because an interim President and other interim officers are employees at will, there is no need to amend the Bylaws to address early termination of the appointment. Nor has the absence of a Bylaw provision requiring an interim officer to give notice of intention to resign been a problem that calls for a solution. Human Resources Policy HR0160, to which all interim officers are subject, states that “[s]taff members are expected to notify their immediate supervisor in writing of their intention to resign their employment . . . and staff exempt employees are expected to give a minimum of four (4) weeks notice.”

With respect to Interim President Boyd specifically, the resolution adopted by the Board on September 25, 2018 approving his appointment established the following:

1. Effective date of his appointment – November 22, 2018;
2. Maximum length of his appointment – up to 24 months or until the effective date of appointment of a new President following an external search;
3. Salary – no salary for his service as interim President; and
4. Health insurance stipend – in the amount of \$10,000 per year.

Furthermore,

- The General Counsel reviewed with Interim President Boyd provisions in the Bylaws concerning the duties of the office of President; the Board policy on use of University aircraft; the Human Resources policy on disciplinary actions, including the definition of gross misconduct for which termination of employment may be imposed; and the obligation to return all records and other property of the University upon termination of employment;
- A copy of the conflicts of interest disclosure statement submitted by Interim President Boyd was provided in the course of this performance audit; and
- The intention of the Chair of the Board to conduct a performance review of Interim President Boyd after he has served one year was communicated during the course of this performance audit and publicly announced by the Chair at the Board meeting on November 8, 2019.

Observation 3 – The UT Board should consider a UT System initiative to implement a centralized information system

Since the UT Board, UT management, the Tennessee Higher Education Commission, and state legislators use university-generated data to make decisions about the future of the UT System, it is important that the UT System can provide accurate and reliable system-wide data. Without a fully centralized information system that is consistently implemented across the UT System, the UT Board and other stakeholders may have difficulty obtaining timely, accurate, and comparable information from across the UT System.

While performing our audit work, we identified the following data related issues:

- In our review of staff and faculty information at the UT campuses, we identified inconsistent employee data entries, including duplicated names, incorrect titles, and improper employee classifications, increasing the risk that system-wide staff may not be able to provide accurate employee information, such as employee retention and turnover rates, to key decision makers in a timely manner.
- In our review of performance measures, UT management informed us that although each UT campus uses the Banner enterprise student information system for student records, each campus implemented Banner differently, making it difficult to have consistent data categories or to compare data between campuses easily.

The UT System could use a system-wide data dictionary, which is a centralized repository of information about data such as its meaning, relationships to other data, origin, usage, and format, to ensure that metrics from the various campuses, colleges, and departments are comparable system-wide. Based on discussion with the UT System's Director of Institutional Research, UT has data dictionaries, but there are varying levels of documentation and availability of those dictionaries. The UT Board should consider directing management to create a more centralized information technology system, with a standardized system-wide data dictionary, so that both management and the board can easily compare information and performance metrics across the UT System.

Observation 4 – The UT Board delegated the final approval for a unique student housing initiative involving a long-term ground lease at UTHSC

UTHSC Ground Lease

UTHSC began the request for proposal (RFP) process for a long-term ground lease for a private housing development in 2016—under the previous board—to address student housing deficiencies. On December 19, 2016, UTHSC received approval from the State Building Commission Executive Subcommittee for the RFP. A review of minutes for the Finance and Administration Committee and the full UT Board revealed, though, that this proposal was never presented to the board in any capacity until March 1, 2019, when the current board's Finance and Administration Committee passed a resolution to enter into the leasing arrangement.

According to the UT Board's Finance and Administration Committee materials from that meeting,

Quality housing in close proximity to campus has been a concern for UTHSC for several years. A 2016 UTHSC Student Housing Survey analyzed the supply of market rental rate properties within a half-mile radius of the campus. The survey found the supply is limited (just over 700 units), and rarely more than 40 to 50 units are available at one time. Most of the housing units are more than three blocks from the core of campus, and safety is a concern. Further, over 90% of the



units are located in buildings more than 50 years old, and most suffer from poor maintenance.

On March 1, 2019, the Finance and Administration Committee of the UT Board adopted the resolution *Long-term Ground Lease for a Private Housing Development on the Campus of the Health Science Center*. This resolution allows UTHSC to transfer approximately 9.7 acres through a ground lease to Memphis Medical District Apartments, GP, with a Memphis developer as the managing partner. UTHSC will retain the developer's company to plan, design, finance, construct, and operate a residential, multi-family housing development. UTHSC would have no financial obligation for the development, nor would it guarantee occupancy.

Although the development would serve students, faculty, and staff who desire to live near the campus, it would also be open to the general public. The Finance and Administration Committee materials state, "The development would serve as a recruitment tool for the University as the developer has prepared a UT First program that will give preference to UTHSC students and offer accommodations at other properties owned by the developer if this one becomes fully occupied."

See **Appendix 7** for a map of the UTHSC campus and lease area.

Request for Proposal Process Under Former Board

The Request for Proposal process began October 29, 2017, nearly one year prior to the creation of the current board, and included three phases as presented in **Table 4**.

Table 4
RFP Schedule of UTHSC Ground Lease Actions
October 29, 2017, to July 2, 2018

Phases I and II	
RFP Advertised	October 29 – November 5, 2017
Disability Accommodation Request Deadline	November 8, 2017
Pre-proposal Conference	November 14, 2017
Property Viewing/Inspection	November 14, 2017
Notice of Intent to Propose	November 27, 2017
Written Questions and Comments Deadline	November 30, 2017
University Response to Written Questions and Comments	December 8, 2017
Proposers due diligence period including final request for property viewing/inspection	December 22, 2017
Phase I Proposal Deadline	January 5, 2018
University Opening of Phase I Proposals	January 8, 2018
University Completion of Phase I Evaluations and Notice of Proposers Selected for Phase II Evaluations and Interviews Issued	January 24, 2018
Phase II Proposal Deadline	March 21, 2018
University Opening of Phase II Proposals	March 22, 2018
Interviews of Phase II Proposals	March 26 – April 13, 2018
University Completion of Phase II Evaluations, Evaluation Notice Issued and RFP Files Opened for Proposer Inspection	April 30, 2018
If applicable, University Completion of Final Negotiations	May 18, 2018
University Notice of Intent to Award Issued	May 25, 2018
Executive Sub Committee of the State Building Commission Approval Sought	June 18, 2018
Lease Agreement is circulated to successful Proposer for signature	June 25, 2018
Lease Agreement is circulated to University and State for Signature	July 2, 2018

Source: Procurement information obtained from the UT website at http://procurement.tennessee.edu/wp-content/uploads/sites/6/2017/10/RFP-16-10-017_2.pdf

Lease Approval

Section 49-9-206(b)(1), *Tennessee Code Annotated*, requires the UT Board to appoint standing committees with at least three of its members on a committee, one of which is the Finance and Administration Committee. This committee has the responsibility for overseeing finance- and administration-related matters; operating and capital outlay budgets; acquisition of any interest in real property; and sale or disposal of real property.

UT Policy FI6025, “Lease of Real Property by or to the University,” sets forth guidelines to university officials “who are involved in the lease of real property by . . . the university.” The general requirements state

The lease procurement process shall be objective, impartial, transparent, and consistent in its application. All leases must comply with the policies and procedures of the SBC [State Building Commission], THEC [Tennessee Higher Education Commission], the Office of the State Architect, and this policy. Any exception from the requirements must be requested in writing by the System Chief Financial Officer (or designee) and, if applicable, approved by the SBC.

The proposed UTHSC lease consists of at least \$207,500 of revenue annually for an initial 30-year term, with two 15-year options to extend. In Policy FI0625, under “General Policies,” paragraph 1 establishes, “All lease requests with rent of more than \$25,000 per year (all-inclusive) or a term greater than five (5) years (including all renewal options) shall be reviewed, prepared, and processed through OCP [the Office of Capital Projects].” According to paragraph 5, “All leases must comply with the policies and procedures of the SBC, THEC, the Office of the State Architect, and this policy.” The policy contains additional requirements about advertising, timing, lease provisions, and other areas. Leases over five years and involving more than \$150,000 in rent require the approval of the Chief Financial Officer or designee, THEC, and the SBC.

Based on our review of the lease process, we identified procedural concerns, especially given this is the first time UT has used this type of lease arrangement and given the lack of evidence to support the consideration of potential future issues. Our two specific concerns are the following:

- **Key details of the lease arrangement remain undefined.** For example, if the contractor wants out of the arrangement at the base period of 30 years, who retains the aging asset? If UTHSC retains the asset, how will the campus proceed with fulfilling the resulting management responsibilities? Also, what are the performance benchmarks and penalties for noncompliance by the lessee? While UTHSC students will receive priority for renting according to the terms of the ground lease, there is no guarantee of space when a student applies, and the facilities could become fully occupied by non-students. Finally, will the lease contract contain an audit clause?
- **There was little discussion of the lease arrangement.** We observed the March 1, 2019, Finance and Administration Committee and full UT Board meetings. During the committee meeting, members spoke in favorable terms about the lease arrangement but asked no substantive questions prior to their vote for approval. In the full UT Board meeting, the members held no discussion at all before approving the resolution. When we asked management about board members’ involvement in the lease, the Chief Finance Officer only provided evidence that he spoke on February 12, 2019, with the Finance and Administration Committee Chair, who expressed reservations about the construction quality and long-term maintenance assurances particularly in the event the local company is sold. In response to the committee chair’s concerns, UT’s Office of Capital Projects prepared a summary of lease provisions including information provided by the management company regarding succession planning.

By not questioning the UTHSC ground lease and delegating final approval for it, the UT Board may have fallen short of its oversight and fiduciary duties to the UT System.

Discussion With UT Board Chair

During our interview with the UT Board Chair, we inquired about the UTHSC lease arrangement. He responded that it is not unusual to allow the contractor to be chosen locally and that the Chancellor (in this case, of UTHSC) is the best one to make that decision. He added that financially the deal made sense to the UT Board, and the concept is logical. He also pointed out that the board deals with approximately 25 pieces of real estate at any given meeting. The Chair did ultimately agree that the board may want to further review the lease in the future. Because of the limited experience with this type of arrangement, the long-term nature, and potential future implications, we recommend the inclusion of the entire Finance and Administration Committee and the UT Board in the final approval of this type of lease. The UT Board and UT management should exercise stringent oversight of this project to ensure compliance with state statutes, internal bylaws and policies, and other applicable guidelines and to ensure the agreement benefits the state in general and the university in particular.

UNIVERSITY OF TENNESSEE BOARD OF TRUSTEES' COMPOSITION AND ADMINISTRATIVE DUTIES



UT Health Science Center Campus

Source: <https://www.uthsc.edu>

UNIVERSITY OF TENNESSEE BOARD OF TRUSTEES' COMPOSITION AND ADMINISTRATIVE DUTIES

Section 49-9-202, *Tennessee Code Annotated*, stipulates the University of Tennessee Board of Trustees (UT Board) membership requirements. The UT Board must consist of 10 Governor-appointed voting members, with at least 2 from each Grand Division, 7 Tennessee residents, and 5 alumni. Each of the voting members must receive confirmation by a joint resolution of the Senate and House of Representatives prior to beginning their term, per Section 49-9-202(c)(1)(A), *Tennessee Code Annotated*. The board also appoints one student member and includes the Commissioner of Agriculture as an ex-officio member.

Committee Requirements

Section 49-9-206, *Tennessee Code Annotated*, requires the UT Board to establish four standing committees: executive; audit; finance and administration; and academic affairs and student success.

Per Section 49-9-206(a), *Tennessee Code Annotated*, the Executive Committee, which must have five voting members, has authority to

- Oversee and monitor the work of the other standing committees; the university's planning process; the president's performance and welfare; and the university's commitment to and compliance with the state's plans and objectives for higher education;
- Recommend to the full board the initial and subsequent compensation of the president, and the initial compensation of the chancellors, and other university officers defined in the bylaws approved by the board;
- Act for the board of trustees on any matter when necessary between meetings of the board; and
- Perform other responsibilities as the board of trustees deems necessary or advisable, subject to approval of the board.

In accordance with state statute, the UT Board must appoint at least three voting members to serve on the remaining three standing committees: audit; finance and administration; and academic affairs and student success.

All standing committees require a majority of voting members present to constitute a quorum for the transaction of committee business. The UT Board may also establish other standing committees, subcommittees, or ad hoc committees as it deems necessary or advisable. For example, the UT Board authorized the Special Committee on University of Tennessee Athletics at the November 2, 2018, meeting.

Meeting Requirements

Section 49-9-205, *Tennessee Code Annotated*, requires the UT Board to meet at least once annually; provide at least five days' notice for meetings; have six members present for a quorum; and stream and archive meetings online. Additionally, meetings of the UT Board must "be available for viewing by the public over the Internet by streaming video accessible from the board's website. Archived videos of the board's meetings shall also be available to the public through the board's website."

Meetings of the UT Board, as well as meetings of its committees, must comply with the open meetings laws compiled in Title 8, Chapter 44, *Tennessee Code Annotated*. Open meetings laws require governing bodies to give adequate public notice of meetings and to fully record meeting minutes that include people present and actions taken. Pursuant to Section 8-44-102(a), "All meetings of any governing body are declared to be public meetings open to the public at all times, except as provided by the Constitution of Tennessee." The minutes are to be made available for public inspection. A subcommittee that makes decisions or recommendations on policy or administration to the UT Board is also subject to open meetings requirements.¹³

The Tennessee Open Meetings Act Requirements

A governing body subject to open meetings laws is required to provide adequate public notice of all meetings. Additionally, such bodies must record and make available to the public minutes that contain at least

1. a record of persons present;
2. all motions, proposals, and resolutions offered;
3. the results of any votes taken; and
4. a record of individual votes in the event of a roll call.

Section 49-9-209(d)(1), *Tennessee Code Annotated*, establishes further requirements for meetings of the UT Board. The UT Board must

- (Q) Establish a mechanism by which a person may bring an issue to the attention of the board and provide notice of that mechanism to the public; [and]
- (R) Provide, in conjunction with regular meetings of the board, a reasonable opportunity for the public to address the board or a board committee concerning issues germane to the responsibilities of the board.

Board Member Orientation and Ethics

Pursuant to Section 49-9-211, *Tennessee Code Annotated*, the Tennessee Higher Education Commission (THEC) administers orientation and continuing education programs for the UT Board. State statute establishes,

This training shall include a perspective on higher education that incorporates national experts in higher education governance. This training shall address the

¹³ UT Advisory Boards, established in Title 49, Chapter 9, Part 5, *Tennessee Code Annotated*, are also subject to the provisions of open meetings laws. We provide more information on advisory boards in our **University of Tennessee Board of Trustees' Oversight Responsibilities** section.

roles and responsibilities of governing boards; the legal and ethical responsibilities of trustees; the board's role in upholding academic standards, intellectual diversity, and academic freedom; budget development; presidential searches and evaluation; the role of higher education in K-12 collaboration; and setting strategic goals. Initial training shall be conducted prior to the first called meeting of the board. In subsequent years, all newly appointed members shall attend orientation seminars within their first year of service.

THEC provides similar training to the Tennessee Board of Regents and governing bodies of other institutions.

Section 49-9-207, *Tennessee Code Annotated*, prohibits conflicts of interest for UT Board members. Specifically, the UT Board cannot "be financially interested in any contract or transaction affecting the interest of the university, or to procure or be a party in any way of procuring, the appointment of any relative to any position of trust or profit connected with the university." Furthermore, Section 49-9-210(a) requires the UT Board to establish a code of ethics governing the conduct of all appointed board members. UT System-wide Policy BT0001, "Conflict of Interest Policy for Trustees," adopted by the UT Board on February 5, 1992, provides for the annual disclosure of interests for UT Board members. To comply with the code of ethics requirement, the UT Board approved System-wide Policy BT0002, "Code of Ethics for Appointed Trustees," on December 12, 2002.

Audit Results

1. Audit Objective: Did the UT Board meet the composition requirements established in Section 49-9-202, *Tennessee Code Annotated*?

Conclusion: As of July 17, 2019, the UT Board met its composition requirements.

2. Audit Objective: Did the board appoint standing committees per Section 49-9-206, *Tennessee Code Annotated*?

Conclusion: The UT Board adopted Resolution 002-2018 for the four standing committees and appointed members at the inaugural meeting on August 1, 2018. The board also appointed members at subsequent meetings as they were confirmed by the General Assembly.

3. Audit Objective: Did the UT Board members complete annual conflict-of-interest forms in accordance with Section 49-9-207, *Tennessee Code Annotated*?

Conclusion: Each member completed a conflict-of-interest disclosure as required.

4. Audit Objective: Did the Tennessee Higher Education Commission (THEC) provide training to the board per Section 49-9-211, *Tennessee Code Annotated*?

Conclusion: On August 1, 2018, prior to the inaugural UT Board meeting, THEC conducted training covering Tennessee policies and priorities; legal overview; fiscal overview; and the roles and responsibilities of public governing boards.

- 5. Audit Objective:** Did the board meet the minimum number of times and provide at least five days' notice for meetings as mandated by Section 49-9-205(a), *Tennessee Code Annotated*?

Conclusion: State statute requires that the UT Board meet at least once annually. The board met 7 times between July 1, 2018, and June 30, 2019, and provided between 5 and 10 days' notice for each meeting.

- 6. Audit Objective:** Did the board fulfill the quorum requirements at each meeting per Section 49-9-205(b), *Tennessee Code Annotated*?

Conclusion: A quorum was present at each UT Board meeting.

- 7. Audit Objective:** Did the board make meetings available for viewing from its website and post archived meetings per Section 49-9-205(d), *Tennessee Code Annotated*?

Conclusion: The UT Board live-streams meetings from its website and archives previously live-streamed meetings.

- 8. Audit Objective:** Did the board provide for the general public to address the board or its committees concerning issues related to the responsibilities of the board or its committees per Section 49-9-209(d)(1)(R), *Tennessee Code Annotated*?

Conclusion: The UT Board adopted Resolution 003-2019 entitled *Standing Rule Governing Requests to Address the Board of Trustees*. This resolution revised the prior board's rule by adding an additional 30 minutes for members of the general public to address the board or a committee of the board for a total time of 1 hour and "allows the presiding officer to extend the time to permit additional speakers and make such other accommodations as may be necessary or advisable in his or her opinion to achieve the purposes of this rule." The resolution adds, "Persons wishing to speak must preregister by completing a form and submitting it no later than three calendar days before the first day of a regular Board meeting. Each speaker will have a five-minute allotment."

Methodology to Achieve Objectives

To answer all of our objectives related to the UT Board's administrative duties and meeting requirements, we reviewed

- pertinent sections of *Tennessee Code Annotated* and UT Board Policies and Bylaws;
- UT Board and committee meeting minutes and archived videos;
- the list of UT Board members from July 1, 2018, to July 17, 2019; and
- UT Board members' conflict-of-interest forms.

Additionally, we conducted interviews with key personnel, including the UT Board Chair and THEC representatives.

CAMPUS SECURITY AND SAFETY



UT Knoxville Campus Police

Source: <https://utpolice.utk.edu/>

CAMPUS SECURITY AND SAFETY

Each of the campuses of the UT System, including Knoxville (UTK), Chattanooga (UTC), Martin (UTM), and the Health Science Center of Memphis (UTHSC), works to ensure a safe and secure environment for its faculty, staff, and students. In addition to protecting the physical well-being of their employees and students, UT campuses safeguard critical assets and property through a variety of security features. Each campus is also responsible for complying with state and federal regulations including

- the Jeanne Clery Disclosure of Campus Security Policy and Campus Crime Statistics Act (**Clery Act**) for all crimes and allegations of crimes that occur on campus; and
- Title IX of the Education Amendments Act of 1972 (**Title IX**), which prohibits discrimination based on sex in education programs or activities that receive federal financial assistance.

Our audit focused on assessing compliance with federal and state requirements, adequacy of police reporting, and sufficiency of physical campus security.

Overview of Federal Reporting Requirements

The Clery Act, Title IX, and state statute¹⁴ provide regulatory guidance for campus and student safety reporting. In many ways, these laws are intertwined but still have distinct differences. Both Title IX and the Clery Act exist to help institutions create and maintain safe, healthy campuses. Despite the similar motivations underlying the laws, there are critical differences that affect how incidents are reported and addressed.

Table 5
Comparison of Key Components of the Clery Act and Title IX

	Clery Act	Title IX
Objective	To ensure disclosure of all allegations of crimes occurring on and adjacent to campus.	To prohibit discrimination based on sex, including both sexual harassment and sexual violence, in education programs or activities that receive Federal financial assistance.
Focus	Location of the crime or allegation.	Persons involved.
Main Purpose	To inform students, faculty, staff, and the community of crimes occurring on and adjacent to campus so they can make informed decisions about their safety.	To ensure that a recipient maintains an environment for students and employees that is free from unlawful sex discrimination in all aspects of the educational experience, including academics, extracurricular activities, and athletics

¹⁴ Section 49-7-2203(c), *Tennessee Code Annotated*, requires colleges and universities to provide enrollment information, including the number of undergraduate and graduate students; the number of students who live in student housing; the total number of non-student employees who work on campus; and a description of the type and number of security personnel employed by the institution, including the type of training they receive.

	Clery Act	Title IX
Responsibilities	<p>Maintain a daily crime log for all criminal allegations occurring for the most recent 60-day period.</p> <p>Colleges and universities that receive federal funds must produce and distribute an annual security report on campus crime statistics, which includes statistics for the preceding three years and efforts to improve campus security.</p>	<p>Take immediate and appropriate action to investigate or otherwise determine what occurred and take prompt and effective steps to reasonably end any harassment, eliminate a hostile environment, and prevent harassment from occurring again.</p> <p>Identify patterns, monitor outcomes, and assess effects on campus climate.</p> <p>Provide education to the campus community about</p> <ul style="list-style-type: none"> • how to file a complaint alleging a Title IX violation; • school policies; and • rights and obligations for complainants and respondents.
Origin of Complaint	<p>Incident reports come from calls to campus security dispatch, campus police reports, referrals from local police, reports from CSAs,¹⁵ and referrals from Title IX.</p>	<p>Title IX is implemented through responsible officials who have reporting duties based on their roles within the institution. Responsible employees are located across campus, performing diverse functions in various departments and units.</p> <p>Allegations are made to the Title IX Office by victims, parties with knowledge of the incident, referrals from campus police, or mandatory reporters.</p>
Confidentiality	<p>Clery disclosure for the Clery daily crime log, only the Act's required five elements and statistics including date the crime was reported; the date and time the crime occurred; the nature of the crime; the general location of the crime; and the disposition of the complaint, if known.</p>	<p>Title IX does not require public disclosure of allegations or statistics of campus safety; however, Clery-defined crimes related to sexual discrimination (e.g., dating violence, domestic violence, rape, and stalking) that take place on university-owned or -controlled property are reported on the Clery daily crime log.</p> <p>Schools must maintain Title IX grievance and compliance records and files.</p>

Source: Auditor review of federal Clery Act and Title IX guidance.

¹⁵ Campus Security Authorities (CSAs) are mandatory crime reporters designated by the Clery Act and by the university or campus. These mandatory reporters include campus police departments, other campus officials responsible for campus security, individuals specifically designated by the institution, or officials with significant responsibility for student and campus activities. According to the Department of Education's *Handbook for Campus Safety and Security Reporting*, Clery CSAs are not necessarily the same as responsible employees for Title IX.

Title IV of the Higher Education Act of 1965 (Title IV) covers the administration of federal student financial aid programs, and federal Title IV funding for colleges and universities is contingent upon compliance with various federal regulations regarding campus safety: the Clery Act, Title IX, the Family Educational Rights and Privacy Act (FERPA), and the Drug-Free Schools and Community Act (DFSCA).

While the Clery Act requires disclosure of crime statistics, **FERPA** protects personally identifiable education records, but it does not prevent the disclosure of non-personally identifiable information to meet the requirements of the Clery Act. Responsible officials should apply caution in the creation of Clery daily crime logs to ensure they do not violate FERPA.

DFSCA requires institutes of higher education receiving federal funding to implement initiatives to “prevent the unlawful possession, use, or distribution of illicit drugs and alcohol by students and employees.” The act requires annual written notification to all students and employees of the standards of conduct; descriptions of sanctions for violations of any laws and campus policies; descriptions of health risks associated with alcohol and other drug use; and descriptions of available treatment programs. Additionally, institutions must prepare a biennial report documenting the effectiveness of prevention programs and consistency of sanction enforcement. The responsibility of enforcing this act falls on campus police and the Office of Student Conduct.

According to “Not Alone: The First Report of the White House Task Force to Protect Students From Sexual Assault,” “For colleges and universities, breaking the cycle of violence poses a unique challenge. When a school tries to tackle the problem – by acknowledging it, drawing attention to it, and encouraging survivors to report – it can start to look like a dangerous place. On the flip side, when a school ignores the problem or discourages reporting (either actively or by treating survivors without care), it can look safer. Add to this the competition for top students or a coveted spot on a college rankings list – and a school might think it can outshine its neighbor by keeping its problem in the shadows.”

According to the Clery Center, a nonprofit dedicated to education and compliance with the spirit of the Clery Act, “College and university officials should be aware that these laws [Title IX, FERPA, and DFSCA] contain significant legal overlap, both with each other, and with the requirements of the Clery Act. Understanding the ways in which they interact is critical for the compliance success of institutions seeking to create safer campus communities.”

Campus Police Departments Requirements

Each UT campus has its own police department that is charged with upholding the law; deterring crime; and protecting the students, personnel, and physical assets of the campus. These campus police departments employ officers duly commissioned by the State of Tennessee and have the legal authority to conduct investigations, apprehend suspects, maintain evidence, and issue citations. Like other law enforcement agencies, campus police departments engage in other support activities, from emergency response for medical needs and physical hazards to general courtesy activities.

Jurisdiction and Local Law Enforcement Agencies

Campus police departments typically only have legal jurisdiction over their respective campuses. Crimes that occur away from the premises of a campus are outside of that campus police department's legal jurisdiction and fall upon the local law enforcement agency of the city or county. In contrast, the local law enforcement of the city and county where the campus is located have jurisdiction over the campus as well, overlapping the coverage area.

For example, the Martin Police Department serves the city of Martin, including the UTM campus. The UTM campus police department has legal jurisdiction over the campus and its property. To avoid confusion and encourage communication between the city and campus police departments, the two departments have entered into a formal **memorandum of understanding**, establishing which department will investigate crimes based on the location and nature of the crime. Since a series of crimes may cover a large area, the police department with jurisdiction where the most serious crime occurred, or the one that is best equipped to conduct the investigation, is typically the one that investigates the series of crimes.

Police Reporting

From the time a campus police department receives a request for police services or an allegation of a crime until the service call or criminal case is resolved, the police officers document their actions and conclusions. The police department's dispatch begins by documenting the request, alert, or allegation in a **call to service log** to record the source of information; the location of the service; and pertinent details of the nature of the requested service, including the time the department received the service request, alert, or allegation. Upon receipt of a call for service, the campus police department initiates a **preliminary police response**, which generally involves dispatching an officer to the location to conduct an initial analysis. Dispatch personnel document in the call to service log when an officer is dispatched. The campus police department defines police response time as the time between when campus police received the call and when the officer arrived at the location.

The officer uses professional judgement and personal discretion to determine the nature of the incident and whether to file a formal **police report**. A police report is a document designed to capture key information critical to an investigation, and each prepared report should be reviewed by campus police department supervisors. If the officer determines that further action is not necessary, the incident is closed. Otherwise, the campus police department may perform further **investigation**, pursue criminal charges, or seek other legal resolution of the matter. In rare incidents, campus police departments may use "exceptional clearance" to close an investigation when further investigation or criminal proceedings are impossible to pursue. These situations include the following circumstances:

- the district attorney chooses not to pursue criminal charges;
- the suspect is a juvenile and not in custody of the campus police department;
- the suspect is outside of the jurisdiction of the campus police department and is unavailable to be pursued by other means;

- the suspect has died; or
- the victim refused to cooperate.¹⁶

Alerts and Allegations to Case Resolution and Reporting

Beginning with alerts and allegations, the campus police department must continually update the Clery Coordinators and Title IX Coordinators with further case information until the incident is resolved. Due to the different data standards required by the various federal and state agencies, the three logs (campus police case logs, Clery daily crime logs, and Title IX logs) provide different information and do not contain the same number of incidents. Additionally, the Clery daily crime log and Title IX log also include any relevant allegations received from CSAs or responsible employees, which may or may not be reported to campus police.

Within Tennessee, statutes require all police departments, including the college and university campus police departments, to report crime statistics to the Tennessee Bureau of Investigation's (TBI's) Tennessee Incident Based Report System (TIBRS).¹⁷ According to the TIBRS manual,¹⁸ "Reporting crime statistics is mandated by law, Tennessee Code Annotated (T.C.A.) §38-10-101, et seq., for all law enforcement agencies and T.C.A. §49-7-2201, et seq., for colleges/universities."

Clery Act Requirements

According to the 2016 edition of the U.S. Department of Education's *Handbook for Campus Safety and Security Reporting* (DOE Handbook), which governs Clery requirements, "after a Clery Act crime is reported you [the university] should consider whether your students and employees are at risk of becoming victims of a similar crime. For example, if a Rape is reported on campus and the alleged perpetrator has not been caught, there is a risk of similar crimes." Other examples include active shooters, burglaries, and assaults. The DOE Handbook states that "If the alleged perpetrator was reported or apprehended, there may not be a continuing risk. However, you should still evaluate other factors such as whether the apprehended perpetrator had accomplices or had already set other attacks in motion."

The act that would later be renamed the **Clery Act** was established to provide the public information related to all alleged crimes on campus. The act was originally established in 1990, after Jeanne Clery was murdered in her dorm after campus police did not notify the public of a string of robberies occurring on campus. Ms. Clery unfortunately woke up when a male university student attempted to rob her; he then proceeded to beat, cut, rape, sodomize, and strangle her to death.

The Clery Act requires universities to fully disclose reported crimes to the public, regardless of police investigations, in order for the university community to make decisions about their personal safety by drawing their own conclusions. University-appointed Clery Coordinators

¹⁶ Based on discussions with personnel from the Tennessee Bureau of Investigation, exceptional clearance granted due to the refusal of a victim to cooperate should have further documentation of the refusal.

¹⁷ TBI uses TIBRS to collect data on crime incidents and all of the elements associated with each incident. Having the ability to precisely identify when and where crime takes place; what form it takes; and the characteristics of its victims and perpetrators is an indispensable tool for law enforcement.

¹⁸ *TIBRS Data Collection: An Instructional Manual for the Implementation of TIBRS*, 14th Edition, December 2018.

provide this information in the format of a Clery daily crime log, which spans the most recent 60-day period and includes all crimes reported to have occurred on or near campus. The log allows members of the community to review allegations and form their own conclusions about their safety on campus. While the university must assign a Clery Coordinator to fulfill these reporting duties, ultimately it is the university's responsibility to ensure that accurate information of all reported crimes is available and distributed to the university community.

The Clery Act also requires the university to issue an annual security and fire safety report to provide students and employees with information related to staying safe on campus. The report discloses required university policies; memorandums of understanding in place with local law enforcement; crime statistics for sexual assault, relationship violence, hate crimes, and other violent crimes against women; and fires occurring in campus dorms. For universities with multiple campuses, each campus must individually comply with the Clery Act, including maintaining Clery daily crime logs and issuing annual security and fire safety reports for their campus. In addition, the institution must annually submit its campus crime statistics to the U.S. Department of Education.

Campuses must disclose statistics for incidents reported in three general areas:

- *campus* areas that are part of the generally contiguous area of school;
- *noncampus buildings or property* owned or controlled by recognized student organizations or owned or controlled by the institution and used for its educational purposes; and
- *public property* that is within or adjacent to the campus or noncampus buildings or property, such as streets and sidewalks.

Campuses must include all reported **criminal offenses**, including “criminal homicide; rape and other sexual assaults; robbery; aggravated assault; burglary; motor vehicle theft; and, arson as well as arrests and disciplinary referrals for violations of drug, liquor, and weapons laws.” These criminal offenses include hate crimes, wherein the victim is targeted due to “race, gender, religion, national origin, sexual orientation, gender identity, ethnicity, or disability.” Required reported offenses also include those listed in the Violence Against Women Act of 1994, such as dating violence, domestic violence, and stalking.

The long-term effects of inaccurate or incomplete reporting and noncompliance can include losing grants, losing accreditation for the campus security department; losing public trust in the university; and incurring potential penalties or fines



Source: National Association of Student Financial Aid Administrators.

imposed by the U.S. Department of Education for violations of the federal Clery Act campus crime reporting law. The maximum fine per violation is \$55,907, as depicted in the graphic above.

Title IX Requirements

Under Title IX, “no person in the United States shall, on the basis of sex, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any education program or activity receiving federal financial assistance.” Essentially, Title IX prohibits sexual discrimination in order to provide a safe educational environment, free of hostility. To comply with U.S. Department of Education guidelines, campuses must

- disseminate a notice of nondiscrimination;
- establish a Title IX Coordinator and clearly provide the contact information for the Coordinator in both the nondiscrimination notice and annual security reports;
- adopt and publish grievance procedures outlining the process of complaint, investigation, and disciplinary actions addressing sexual discrimination, harassment, and violence; and
- promptly respond after a complaint of sexual discrimination, harassment, or violence.

Exhibit 5 UT System Title IX Model



Source: <https://titleix.utk.edu/>.

Additionally, institutions must provide an equitable complaint process for both accusers and the accused and must protect reporters from retaliation. The April 2015 Title IX Resource Guide, issued by the U.S. Department of Education, requires institutions to establish a system for

the prompt and timely resolution of complaints.¹⁹ UT campuses have enacted policies to inform both accusers and the accused if a complaint investigation is not resolved timely. UT campus policies establish 60 days as the timely threshold.

Title IX Coordinators

According to the *Title IX Resource Guide*, produced by the U.S. Department of Education's Office for Civil Rights, dated April 2015,

Although the recipient [university] is ultimately responsible for ensuring that it complies with Title IX and other laws, the Title IX coordinator is an integral part of a recipient's systematic approach to ensuring nondiscrimination, including a nondiscriminatory environment. Title IX coordinators can be effective agents for ensuring gender equity within their institutions only when they are provided with the appropriate authority and support necessary to coordinate their institution's Title IX compliance, including access to all of their institution's relevant information and resources.

For large institutions, the U.S. Department of Education suggests that designating multiple Title IX Coordinators can be helpful to oversee specific facets of Title IX, such as equity in athletics programs and complaints from employees. It goes on to state that if an institution "has multiple Title IX coordinators, it should designate one lead Title IX coordinator who has ultimate oversight responsibility."

State Agency Requirements to Report Lost or Stolen Assets

Pursuant to Section 8-4-119(a), *Tennessee Code Annotated*, any state agency "having determined that a theft, forgery, credit card fraud or any other intentional act of unlawful or unauthorized taking, or abuse of public money, property, or services, or that other cash shortages have occurred in the state agency, shall report the information to the office of the comptroller of the treasury." To comply with this statute, the UT System implemented a system-wide process for reporting stolen property to the Comptroller's Office. UT System-wide Policy FI0130, "Fraud, Waste, and Abuse," and FI0131, "Cash Shortages and Property Losses," establish procedures for UT staff and campuses to report theft and other asset misappropriation.

When an employee's involvement in fraud, waste, or abuse is known or suspected, staff contact the UT Office of Audit and Compliance directly to report their allegations. When employee involvement is not known or suspected, "cash or property losses resulting from theft, robbery, or apparent burglary should be reported immediately to the campus/institute police department. If the campus or institute has no police department, the local police department and campus/institute business office should be notified."

To fulfill reporting duties, staff complete a T-64 form, "Equipment Inventory Change/Deletion Request," submitting it to the campus or institute's chief business officer. Each

¹⁹ The U.S. DOE Handbook requires written notice to both the accuser and accused, informing them of the delay in an investigation as well as the reason for the delay, in compliance with the Clery Act.

month, the campus or institute's chief business officer reports all losses on a T-65 form, "Summary of Theft, Mysterious Disappearance, Burglary, or Vandalism of University Funds and Property," which is sent to the UT Office of Audit and Compliance and, from there, to the Comptroller's Office.

Audit Results

1. Audit Objective: Did the UT System comply with key provisions of the Clery Act and Title IX?

Conclusion: Based on our review, the UT System did not comply with key provisions of the Clery Act and Title IX.

- UTM and UTHSC did not include all required reporting elements in their Clery annual security and fire safety reports (**Finding 3**).
- UTC did not issue a timely warning for a crime that posed a serious or continuing threat (**Finding 4**).
- UTHSC Clery Coordinators did not consistently update the Clery daily crime log (**Finding 5**).

Furthermore, during our review of police reports and other information, we determined the following:

- Information contained in police reports, Clery daily crime logs, and Title IX reports did not match (**Finding 6**).
- The UT System did not issue written notices of prolonged investigations as required by campus policies (**Finding 7**).
- UTC campus police did not always document supervisor reviews and did not document specific criteria for exceptional clearances (**Finding 8**).

2. Audit Objective: Did the UT System follow applicable federal, state, and internal regulations regarding the timeliness of responses of investigations into allegations of dating violence, domestic violence, sexual assault, and stalking (as defined by the Clery Act) and imposition of any disciplinary actions?

Conclusion: As required by federal regulations, UT campuses established a policy for promptly responding to allegations and providing written notices of prolonged investigations. However, UT campuses did not follow their policy to provide complainants and respondents with a notification of delay of the investigation if not resolved within 60 calendar days (or within 60 business days for UTK). See **Finding 7**.

3. Audit Objective: Did the UT System monitor police response times and, if applicable, ensure adherence to existing best practices and regulations?

Conclusion: We determined that there are no federal, state, or internal regulations related to the timeliness of police responses and confirmed that none of the four campus police departments monitor response times. Call response time records provided by UTK were unreliable, and we were unable to fully analyze UTHSC's records because we could not convert them into a usable format. Additionally, UTC and UTM did not provide all necessary information to calculate police response times. See **Observation 5**.

4. Audit Objective: Did the University of Tennessee Board of Trustees (UT Board) ensure that the UT System implemented physical security at each of its campuses?

Conclusion: We determined that the UT Board has not yet addressed the UT campuses' physical security features. We identified inconsistencies in the physical security at UT campuses and made recommendations for the UT Board's consideration. See **Finding 9**.

5. Audit Objective: Has each campus established formal memorandums of understanding with local police departments?

Conclusion: UT campuses established formal memorandums of understanding with local police departments. UT management should ensure that these memorandums are regularly reviewed by both campus police departments and local police departments to ensure all parties are aware of reporting responsibilities and jurisdictional agreements. See **Finding 9**.

6. Audit Objective: In compliance with provisions of the Clery Act, did the UT System encourage students to report all crimes to campus police departments as well as local law enforcement agencies?

Conclusion: UT System policies, procedures, and provided materials (such as flyers and pamphlets) encouraged students to report crimes to law enforcement. Since this guidance was included in several policies and visibly spread throughout campus, we concluded that the UT System has adequately provided this guidance to students.

7. Audit Objective: Did UTHSC promptly inform the Office of the Comptroller of the Treasury of lost, stolen, or damaged property?

Conclusion: We learned that UTHSC did not inform the Office of the Comptroller of the Treasury of all losses and damages to university property. See **Finding 10**.

Methodology to Achieve Objectives

To achieve our objectives, we researched the Clery Act, Title IX, and DFSCA requirements to gain an understanding of the expectations of higher education institutes. We obtained and reviewed guidance provided to students regarding reporting options and processes

for filing a Title IX complaint, including the encouragement to file a formal report with campus police or local law enforcement. We researched police reporting regulations and attempted to locate requirements for monitoring police response times. We reviewed established system-wide and individual campus policies related to campus safety such as the *Policy on Sexual Misconduct, Relationship Violence, Stalking, and Retaliation*. We interviewed Clery Coordinators, Title IX Coordinators, and campus police officials, and we reviewed documentation provided by these individuals. This documentation included memorandums of understanding with local law enforcement; Clery daily crime logs and/or case logs for calendar year 2018; case files for the requested sample of 61 items; and Title IX logs for July 1, 2017, to April 10, 2019. Additionally, we requested call to service logs and any related analysis to gain an understanding of how the UT System monitors/analyzes call response times. Once we determined that management and staff do not analyze call response times, we conducted our own analysis on the crime and call to service logs. We also sought the guidance and expertise of TBI officials for questions we had on police reports we reviewed. On each campus, we conducted both a daytime and nighttime ride-along with campus police to determine the adequacy of available physical safety features. We reviewed all of UTHSC's 2018 reported losses and damages to university property that were submitted to the Office of the Comptroller of the Treasury.

Finding 3 – UTM and UTHSC did not ensure disclosure of required reporting elements of the Clery annual security and fire safety reports

The Handbook for Campus Safety and Security Reporting (DOE Handbook), 2016 Edition, published by the U.S. Department of Education, provides the core requirements of campuses' annual security and fire safety reports, including crime statistics and various policies and procedures. Each campus must publish an annual report that includes this information.

Based on our review, UTM and UTHSC did not include all the required elements of their 2018 annual security and fire safety reports. We present the requirements, and each UT campus' compliance with the requirements, in **Table 6**.

Table 6
Results of Compliance Review
For 2018 Annual Security and Fire Safety Report

Required Element	UTK	UTC	UTM	UTHSC
Clery daily crime log contains required elements	Yes	Yes	Yes	Yes
Required crime classifications	Yes	Yes	No*	Yes
Timely warnings for Clery Act crimes that are considered to present a serious or continuing threat to students and employees	Yes	Yes	Yes	Yes
Crime statistics	Yes	Yes	Yes	Yes
Sexual misconduct, relationship violence, stalking, and retaliation policy	Yes	Yes	No	Yes
Emergency response evacuation procedures	Yes	Yes	Yes	Yes
Missing student notification procedure	Yes	Yes	Yes	Yes
Alcohol and drug policy	Yes	Yes	Yes	Yes
Anticipated timelines and decision-making process for each type of disciplinary proceeding	Yes	Yes	No	No

* UTM is the only campus not using the correct Clery Act classifications. The UTM Clery Coordinator classified Clery Act crimes as forcible sex offenses, fondling, and non-forcible sex offenses. However, the DOE Handbook reiterates that Clery Act statistics should only include rape, fondling, incest, or statutory rape.

Source: Auditor generated based on review of annual security and fire safety reports.

When campuses do not include all reporting elements in their annual security and fire safety reports, students and other members of campus communities may not be informed of the campus culture. Additionally, noncompliance with Clery Act requirements may result in federal fines.

Recommendation

The UT Board and UT System Management should consider directing UT campus management to implement internal controls to reasonably ensure all reporting elements are included in their annual security and fire safety reports, such as following the DOE Handbook's "Checklist for the Various Components of Campus Safety and Security Compliance."

Management's Comment

We concur that UTM did not properly include three of the audited elements and UTHSC did not include one of the audited elements. UTM has already taken remedial actions as directed in the performance audit. The UTM 2019 annual security and fire safety report now includes the categories of rape, incest, and statutory rape. The UTM 2019 annual security and fire safety report also includes information regarding anticipated timelines and decision-making processes and the sexual misconduct, relationship violence, stalking and retaliation policy. UTHSC has also taken remedial actions as directed in the performance audit.

The University will continue to implement controls to ensure that each campus complies with all of the required reporting elements of the annual security and fire safety reports.

Finding 4 – UTC did not issue a timely warning for a crime that posed a serious or continuing threat

The DOE Handbook establishes the following guidance for universities:

Under the Clery Act, every institution is required to immediately notify the campus community upon confirmation of a significant emergency or dangerous situation occurring on the campus that involves an immediate threat to the health or safety of students or employees.

As required by the Clery Act, institutions must publish their policies and procedures for the communication of timely warnings. The DOE Handbook states that “regulations don’t require your institution to use a particular mode of communication”; however, it encourages considering “overlapping means of communication in case one method fails or malfunctions.” It also provides the following examples: “a public address system, text messaging, e-mail messaging, electronic signboards, emergency phone lines, phone trees, bulletins posted on building entrances and exits, etc.”

The DOE Handbook also provides guidance on timely warnings for crimes not defined by the Clery Act or that occur away from campus. It states that

Your timely warning policy should not be limited to certain types of Clery Act crimes and it may include non-Clery Act crimes. That is, although the Clery Act mandates timely warnings only for Clery Act crimes, nothing in the law prohibits timely warnings for other crimes that may pose a serious or continuing threat to the campus community (e.g., a kidnapping on campus or a rash of robberies in a public parking lot across the street from the shopping plaza where your school is located). If your policy states that you also will issue timely warnings for these or similar types of situations, you must follow that policy.

The DOE Handbook also provides guidance for open communication between campus security authorities (CSAs) and other campus officials. It notes that “if a crime is reported to a CSA, but goes no further than that, the school won’t have fulfilled its obligation under the law, and campus community members might not have the information they need to stay safe on campus.”

In its 2018 annual security and fire report, UTC provides the following procedures:

Although not required by federal law, Timely Warning notices may also be distributed for crimes that occur in areas outside of Clery Act geographic areas if the crime is deemed to pose an ongoing threat to the safety of the campus community.

These notifications will be made without delay unless issuing a notification will, in the professional judgment of responsible authorities, compromise efforts to assist victims or to contain, respond to or otherwise mitigate the emergency. . . .

A Timely Warning must be sent to the entire campus community and will be issued when it is determined that the reported incident may pose an ongoing or serious threat to members of the UTC community. These warnings will be issued if the incident is reported either to UTCPD [UTC police department] directly or to UTCPD indirectly through a campus security authority or the local police departments.

The department **will** [emphasis in original] issue Timely Warnings for Clery Act crimes which represent a serious or continuing threat to the person and/or property of students and employees.

UTC's 2018 annual security and fire report lists crimes that will result in a timely warning, based on the facts and circumstances of the incident. The department may also issue timely warnings for emergency situations that are life-threatening, acts or threats of interpersonal violence, and serious acts or threats to campus-owned or personal property.

UTC, in its 2018 annual security and fire safety report, establishes that the campus uses an emergency notification alert system, known as "UTC ALERT," which provides emergency notifications through email, text message, social media, and other announcements.

Additionally, we learned that on July 14, 2019, a shooting, which resulted in two injuries and one death, occurred one block away from the UTC campus. Although the two suspects were not arrested until July 15 and July 16, campus police did not issue a timely warning on its social media accounts; we were unable to determine whether the campus issued a text message or email alert.

The failure to issue timely warnings of threats to campus safety increases the risk that students and other campus community members do not have sufficient information to take reasonable actions to ensure their safety. Additionally, the failure to comply with the Clery Act may result in federal fines.

Recommendation

UTC campus management should ensure timely warnings are issued without delay for situations that may present a threat to safety, informing students and other campus community members. Additionally, UTC should consider defining clear lines of communication as well as key roles and responsibilities. Finally, the UT Board and UT System management should consider directing UT campuses to regularly review and ensure compliance with their timely warning policies and procedures.

Management's Comment

We concur that a timely warning was not issued. The incident in question occurred off campus within the jurisdiction of the City of Chattanooga PD. The notice from CCPD to UTC was not of an emergency nature and was instead presented as informational concerning an ongoing investigation.

UTC makes the decision to issue a timely warning notice for an off-campus crime on a case by case basis depending on an assessment of various factors which include, but are not limited to: the nature of the crime, the exact location, the time of the incident, the local police response and guidance to campus officials, and the potential direct effect on the campus community. Based on the information received from CCPD, UTC did not believe that there was an ongoing threat to the campus community and did not issue a warning.

UTC will continue to implement controls to ensure evaluation for timely warnings for situations that may present a threat to the safety of the campus community.

Finding 5 – UTHSC Clery Coordinators did not consistently update the 60-day Clery daily crime log

The U.S. Department of Education’s *Handbook for Campus Safety and Security Reporting* 2016 Edition (DOE Handbook) which governs Clery requirements, states,

The log is designed to provide crime information on a more timely basis than the annual statistical disclosures. A crime must be entered into the log within two business days of when it was reported to the campus police or security department. This includes crimes that are reported directly to the campus police or security department, as well as crimes that are initially reported to another campus security authority or to a local law enforcement agency, which subsequently reports them to the campus police or security department.

Additionally, the DOE Handbook states that

Institutions that have a campus security or police department must include all reported crimes in their crime log. The crime log must include the nature, date, time and general location of each crime, as well as the disposition of the complaint. **If a crime report is determined to be unfounded, you must update the disposition of the complaint to unfounded in the crime log within two business days of that determination. You may not delete the report from the crime log.**

The DOE Handbook further states,

What you must include, therefore, are **statistics based on reports of alleged criminal incidents**. It is not necessary for the crime to have been investigated by the police or a campus security authority, nor must a finding of guilt or responsibility be made to include the reported crime in your institution’s crime statistics. . . . If there is reason to believe that a crime report was not made in good faith, and your institution does not include the reported incident in its crime statistics, we strongly suggest that you document the justification for not including the crime in those statistics.

U.S. DOE guidelines further established methods to address the use of officer discretion in determining whether a crime occurred by requiring the Clery crime statistics be developed from the records of calls for service, complaints, and investigations. According to the U.S. DOE Handbook, “you must **include in your crime statistics the number of all reported offenses**, without regard to the findings of a court, coroner or jury, or the decision of a prosecutor. Classify and count crimes from the records of calls for service, complaints and investigations.”

Additionally, Section 49-7-2206, *Tennessee Code Annotated*, states that

Each institution of higher education that maintains either a police or security department comprised of state, private or contract employees shall make, keep and maintain a daily log, written in a form that can be easily understood, recording in chronological order all crimes against persons or property reported to its police or security department, the date, time and general location of the crimes and, if an arrest has been made, the names and addresses of all persons arrested and charges against the persons arrested.

After communicating the results of our testwork concerning the Clery daily crime log with the Clery Coordinator (see **Finding 6**), we identified multiple instances of the UTHSC Clery Coordinator not updating the Clery daily crime log within two business days. For instance, the log was not updated from the period of April 7, 2019, to April 17, 2019, or for the period of October 1, 2019, to October 15, 2019.

UTHSC officials have not implemented internal controls to ensure timely updates to the Clery daily crime log. Without correct, accurate, and consistent information on the Clery daily crime log, the public cannot make informed decisions regarding their safety on campus.

Recommendation

The UT Board should consider directing UT System and campus management to implement sufficient internal controls ensuring Clery Coordinators are updating the Clery daily crime log as required by federal regulations.

Management’s Comment

We concur that UTHSC did not consistently update the 60-day Clery daily crime log. UTHSC has already taken remedial actions as directed in the performance audit by identifying Sgt. Joanne Morrow as the new Clery Compliance Coordinator. Sgt. Morrow has attended Clery compliance training this month.

UTHSC will continue to implement controls to ensuring the Clery Coordinator is updating the Clery daily crime log as required by reporting requirements.

Finding 6 – Information contained in police reports, Clery daily crime logs, and Title IX reports did not match

Clery Act Records

The U.S. Department of Education’s *Handbook for Campus Safety and Security Reporting* 2016 Edition (DOE Handbook) establishes authoritative guidance for compliance with the Clery Act. The DOE Handbook states that

Institutions that have a campus security or police department must include all reported crimes in their crime log. The crime log must include the nature, date, time and general location of each crime, as well as the disposition of the complaint. If a crime report is determined to be unfounded, you [the university] must update the disposition of the complaint to unfounded in the crime log within two business days of that determination. You may not delete the report from the crime log...

What you must include, therefore, are **statistics based on reports of alleged criminal incidents** [emphasis in original]. It is not necessary for the crime to have been investigated by the police or a campus security authority, nor must a finding of guilt or responsibility be made to include the reported crime in your institution’s crime statistics... If there is reason to believe that a crime report was not made in good faith, and your institution does not include the reported incident in its crime statistics, we strongly suggest that you document the justification for not including the crime in those statistics.

The handbook also states that the university “must include in your crime statistics the number of all reported offenses, without regard to the findings of a court, coroner or jury, or the decision of a prosecutor. Classify and count crimes from the records of calls for service, complaints and investigations.”

The DOE Handbook provides guidance for allegations of crimes determined to be “unfounded.” According to the handbook,

If a crime is unfounded, it should not be included in the Clery Act statistics for the associated crime category and should be removed from any previously reported statistics for that crime category. The unfounded crime should be included in the total count of unfounded crimes for the year in which the crime was originally reported. Consistent with other recordkeeping requirements that pertain to the Title IV, HEA programs, if a crime was not included in the Clery Act statistics for the associated crime category because it was unfounded, you must maintain accurate documentation of the reported crime and the basis for unfounding the crime. This documentation must demonstrate that the determination to unfound the crime was based on the results of the law enforcement investigation and evidence.

Additionally, the DOE Handbook provides guidance on maintaining supporting documentation for Clery Act reporting. According to the DOE Handbook,

Entries included in the [Clery daily] crime log should be used along with additional information, to gather the statistics that are required for inclusion in the annual security report and the annual Web-based data collection. . . . Archived logs should be kept for seven years in a location where they can be accessed if necessary. As noted above, members of the public may request to review past logs. You may be required to produce logs during a Department program review. (See “Retaining Records” in Chapter 9 for more information regarding records retention.)

The DOE Handbook also dictates that institutions should “Be sure to retain the annual security report and all supporting records used in compiling the report for three years from the latest publication of the report to which they apply—in effect, seven years.” The DOE Handbook also provides examples of pertinent information that should be retained, including the following:

- copies of crime reports;
- the daily crime logs;
- records for arrests and referrals for disciplinary action;
- timely warning and emergency notification reports;
- documentation, such as letters to and from local police having to do with Clery Act compliance;
- letters to and from campus security authorities;
- correspondence with [the U.S. Department of Education] regarding Clery Act compliance; and
- copies of notices to students and employees about the availability of the annual security report.

Title IX Records Maintenance Guidance

The U.S. Department of Education’s *Title IX Resource Guide*, 2015 edition, establishes that Title IX coordinators are responsible for coordinating grievance processes, which may include “maintaining grievance and compliance records and files.” Additionally, in their coordination of responding to complaints of sexual discrimination, Title IX coordinators “should coordinate recordkeeping (for instance, in a confidential log maintained by the Title IX coordinator).”

To facilitate system-wide monitoring of the UT System’s Title IX programs, the UT System Title IX Coordinator’s job description includes the responsibility to “maintain a database of Title IX reports, investigations, and resolutions system-wide.”

State Higher Education Reporting Requirements

Section 49-7-2206, *Tennessee Code Annotated*, states that

Each institution of higher education that maintains either a police or security department comprised of state, private or contract employees shall make, keep and

maintain a daily log, written in a form that can be easily understood, recording in chronological order all crimes against persons or property reported to its police or security department, the date, time and general location of the crimes and, if an arrest has been made, the names and addresses of all persons arrested and charges against the persons arrested.

Internal Control Data Standards

The U.S. Government Accountability Office's *Standards for Internal Control in the Federal Government* (Green Book), establishes a framework for internal control for federal entities and serves as best practice for state entities. In Principle 13, "Use Quality Information," the Green Book establishes that "management should use quality information to achieve the entity's objectives." The Green Book provides the following guidance on relevant data from reliable sources:

Management obtains relevant data from reliable internal and external sources in a timely manner based on the identified information requirements. Relevant data have a logical connection with, or bearing upon, the identified information requirements. Reliable internal and external sources provide data that are reasonably free from error and bias and faithfully represent what they purport to represent. Management evaluates both internal and external sources of data for reliability. Sources of data can be operational, financial, or compliance related. Management obtains data on a timely basis so that they can be used for effective monitoring.

The UT System has not ensured that campuses have developed processes to coordinate and combine data from calls for service, complaints, allegations, and investigations to develop accurate Clery daily crime logs. Additionally, at least one campus did not maintain complete and accurate Title IX records, which are a key component of Clery daily crime logs.

- We found that UTM, UTC, and UTHSC Clery Coordinators did not have readily available access to calls for service. For example, UTM was only able to run a call log report after staff had spent time exploring the system and receiving assistance from IT.²⁰ UTC was able to provide us the calls for service log only after contacting Chattanooga City dispatch to obtain the report. UTHSC was unable to provide a usable export of the call log for us to analyze. Without an ability to easily produce calls for service records, Clery Coordinators cannot adequately develop the daily crime log and report accurate Clery Act statistics.
- Based on our review, we were able to confirm that several crimes were not included in the Clery daily crime logs of UTHSC; however, we could not determine the full extent of unreported crimes.
- The UT System Title IX Coordinator could not ensure the completeness of campus Title IX logs and had not established a central database prior to our audit engagement. When we requested certificates of completeness for each campus' Title IX reports from the UT

²⁰ The UTM Clery Coordinator is currently working with IT to obtain access to call logs.

System Title IX Coordinator, the coordinator deferred to campus staff. When we asked for assurance from UTM, they informed us that the Title IX log was incomplete.

Results of Audit Work

Clery Daily Crime Logs at UTK and UTC

To determine whether reported crimes were accurately included in the 2018 Clery daily crime logs of UTK and UTC, we obtained a sample of 15 reported crimes from a population of 1,928 entries from the UTK 2018 Clery daily crime logs and 15 reported crimes from a population of 415 entries from the UTC 2018 Clery daily crime logs, for a total sample of 30 reported crimes from a population of 2,343 Clery daily crime logs' entries. We then compared each entry from our sample of reported crimes to supporting documentation to determine whether the Clery daily crime log entry accurately reported the nature of the alleged crime; the date, time, and general location of the alleged crime; and, if applicable, the disposition of the complaint. Based on our testwork, we determined the following:

- UTK police officers and Clery Coordinators reported incorrect information for 1 of the 15 (7%) Clery daily crime log entries we reviewed. The entry did not include a disposition; however, the incident occurred away from campus so it was not required to appear in the daily Clery crime log.
- UTC police officers and Clery Coordinators reported incorrect information for 8 of the 15 (53%) daily Clery crime log entries we reviewed.
 - 1 of the 15 (7%) entries incorrectly classified the type of reported crime (a theft);
 - 1 of the 15 (7%) entries contained a minor error concerning the range of dates when the reported crime may have occurred; and
 - 6 of the 15 (40%) entries contained incorrect information due to a formatting error in the layout of the log.

Clery Daily Crime Logs at UTM

During our review of the UTM 2018 Clery daily crime log, we found that it included all police reports completed, including lost property, medical assistance, and fire alarms, instead of only crimes reported. We then obtained a sample of 16 entries from the 2018 UTM Clery daily crime logs' 531 entries. Based on our testwork, we determined that 6 of the 16 (38%) entries we reviewed were not required to appear on the Clery daily crime log because no crime was reported. Providing additional, irrelevant information on an already confusing subject can complicate the decision-making process for those using the logs to evaluate campus safety. Based on our review of the 10 crimes in our sample, we determined the following:

- 2 of the 10 (20%) entries (both fraud) were crimes that were incorrectly classified as a complaint or a miscellaneous incident on the Clery daily crime log, however, due to the nature and location of these crimes, these entries may not have been required to be reported in the log;

- 1 of the 10 (10%) entries did not include a range of dates for when the crime may have occurred;
- 1 of the 10 (10%) entries did not include the full case disposition; and
- 1 of the 10 (10%) entries did not have the correct incident number, but the information presented on the log was otherwise correct.

The Clery Coordinator indicated the errors were caused by human error and technical difficulties resulting from maintaining the Clery daily crime log in a Word document.

Clery Daily Crime Logs at UTHSC

During our review of the UTHSC 2018 Clery daily crime log, we received two 2018 Clery daily crime logs with slight differences and determined that both logs failed to include all crimes reported to campus police. To make this determination, we obtained a list of 419 case reports completed by police and then selected a sample of 15 police reports from the case list. We determined that 5 of the 15 (33%) police reports reviewed were inappropriately left off the crime log.

When we further compared the Title IX log to ensure all instances were included on the Clery daily crime log, we noted that none of the Title IX cases were included, even a case where the respondent admitted to the sexual harassment. If the Title IX Coordinator does not timely notify the Clery Coordinator of all reported incidents of sexual discrimination and harassment, management cannot ensure the prompt issuance of timely warnings to the community. We discuss our concerns with timely warnings in detail in **Finding 4**.

Overall Effect

UT campus management has not implemented internal controls to ensure reliable and accurate data is recorded and maintained. The lack of adequate documentation directly impacts the accuracy and completeness of Clery Act and Title IX records and reports. Without routine reviews of calls to service logs, Clery Coordinators cannot ensure that the information in the Clery daily crime logs and campus security reports are complete. Without routinely monitoring campus Title IX logs, the UT System Title IX Office cannot adequately assess whether the campus Title IX offices have performed their duties.

Recommendation

The UT Board should consider directing UT campus management to implement internal controls to ensure the accurate and complete reporting of security and safety information, as well as ensuring supporting records are reviewed and maintained.

Management's Comment

We concur in part and do not concur in part. Information contained in police reports, Clery daily crime logs, and Title IX reports are subject to different reporting requirements. A police report is a document drafted when a crime or other incident is reported to the police. The Clery daily crime

log only requires recording alleged criminal incidents reported to campus police or campus security authorities (CSA). A CSA is a Clery-Act specific term that includes four categories of individuals who are designated to receive and report criminal incidents to a campus public safety department. These individuals include but are not limited to the following: campus police, resident advisors, dean of students, faculty advisors, and student organization advisors. Police reports that do not involve an alleged crime (e.g., a welfare check) are not required to be included on the Clery crime log. A Title IX report is a report alleging a violation of the sexual misconduct, relationship violence, stalking, and retaliation policy. These three types of reports will sometimes overlap but are not required to match.

We do not concur that the UT System Title IX Coordinator had a duty to establish a central database prior to the audit engagement. As stated in the performance audit report, the Title IX Coordinator's responsibility was to "maintain a database of Title IX reports." However, her position description did not require the database to be centralized. The Title IX Coordinator delegated the responsibility of maintaining Title IX reports to the campus-level Title IX Coordinators. Since each campus was already utilizing separate data management systems to track Title IX reports and cases, a separate centralized database was not purchased. Many campuses were and still are in long-term commitments with their current database management systems. Regarding the certification of Title IX data from each campus, it would have been improper for the UT System Title IX Coordinator to certify data she did not maintain. Instead, the System Title IX Coordinator asked the individuals responsible for maintaining this data to certify the data.

We concur that UTM did not maintain complete and accurate Title IX records. UTM has since implemented internal controls to ensure that Title IX records are complete and accurate.

We also acknowledge that on several of the audited police reports, the Clery daily crime log did not accurately include one of the five required elements. For example, one audited crime involved the theft of a bicycle. The crime log properly recorded all elements of this crime, except that the date and time that the theft occurred was listed on the crime log as the time the bicycle was last seen and not "unknown." UT will work to improve internal controls at all campuses to improve accuracy of the daily crime log.

Finding 7 – The UT System did not issue written notices of prolonged investigations as required by campus policies

According to the U.S. Department of Education's *Handbook for Campus Safety and Security Reporting* 2016 Edition (DOE Handbook),

A prompt, fair and impartial proceeding is defined as a proceeding that is completed within reasonably prompt timeframes designated by the institution's policy, including a process that allows for the extension of timeframes for good cause, with written notice to the accuser and the accused of the delay and the reason for the delay.

Title 34, *Code of Federal Regulations*, Part 668, Section 46 (k)(3)(i)(A), states,

A prompt, fair, and impartial proceeding includes a proceeding that is completed within reasonably prompt timeframes designated by an institution's policy, including

a process that allows for the extension of timeframes for good cause with written notice to the accuser and the accused of the delay and the reason for the delay.

Title IX requires the university to establish and implement an investigation policy. Each campus' Sexual Misconduct, Relationship Violence, Stalking, and Retaliation policy states that they strive to complete investigations in 60 calendar days (UTK's policy allows 60 business days) and will issue written notices to both the complainant and respondent detailing any delay and the reason for it. Notices of ongoing investigations inform complainants and respondents of the university's ongoing process to address potential threats to the campus environment and its ongoing effort to provide a fair and equitable process for both the complainant and respondent to address the allegation. The failure to provide a notice can cause a complainant or respondent to question the university's commitment to providing a safe environment and to question the resolution process. In such cases, a complainant or respondent may withdraw from the university, or a complainant may withdraw the complaint.

In interviews with Title IX Coordinators and campus police, each campus confirmed they did not issue any notices for investigations lasting longer than 60 days. Our audit work included 2 Title IX cases where investigations lasted longer than 60 days (1 at UTK and 1 at UTC). In both cases, the UT System did not send notifications of the delay in the investigation as required by policy. As a result of these errors, we extended our audit work and performed an analytical review of the Title IX logs for calendar years 2017 and 2018 and identified that a significant percentage of cases were not completed within 60 days, and none of these were accompanied by a notice to the complainant and respondent of the delay. The percentages of untimely investigations are listed below.

Table 7
Title IX Investigations Not Completed Within 60 Days
Calendar Years 2017 and 2018

Title IX Investigations Percent Over 60 Days ²¹				
	UTK	UTC	UTM	UTHSC
2017	22%	50%	25%	71%
2018	2%	46%	36%	47%

Source: Review of calendar year 2017–2018 Title IX logs.

Because the 2019 cases are still ongoing, we could not determine the timeliness of those investigations.

Recommendation

UT System and campus management should consider implementing sufficient internal controls ensuring campus officials issue written notices for prolonged investigations as required by each campus' policy to provide complainants and respondents updates regarding their cases.

²¹ Per the campus policies for sexual misconduct, relationship violence, and stalking, UTC, UTM, and UTHSC strive to complete investigations within 60 calendar days, while UTK strives for 60 business days.

Management's Comment

We concur that campuses did not provide written notices when investigations were going to take longer than 60 days. While complainants and respondents were not updated in writing, complainants and respondents are routinely updated of the status of their cases throughout investigations.

The University will implement internal controls ensuring campus officials issue written notices for prolonged investigations as required by each campus policy.

Finding 8 – Due to a lack of documentation, auditors could not determine whether six UTC police incident reports were reviewed by supervisors or whether three UTC investigations were appropriately closed

In their execution of campus security operations, campus police departments perform the same functions as local law enforcement agencies, including investigations, confiscations, and arrests. In conducting police investigations, officers rely on established policies and procedures as well as professional judgement to assess an incident or allegation, evaluate the circumstances, and determine the appropriate response, including whether additional follow-up is necessary. Campus police departments use incident reports and other documentation to retain vital information and ensure officers took appropriate action.

In addition to the Clery Act, which requires the university to maintain and publish reports of crimes in daily crime logs, to report annual crime statistics, and to retain supporting documentation, UT campus police departments must also comply with state regulations to report key crime information in the Tennessee Incident Based Report System (TIBRS), which is the state's system and is maintained by the Tennessee Bureau of Investigation (TBI). Law enforcement agencies, as well as colleges and universities, report their crime incidents in the TIBRS system using the criteria established by the TBI in its *TIBRS Data Collection: An Instructional Manual for the Implementation of the Tennessee Incident Based Reporting System* (TIBRS Data Collection Manual).

The Tennessee Bureau of Investigation conducts regular Tennessee Incident Based Report System Quality Assurance Reviews for each UT campus. Each UT campus receives such a review every three years.

Supervisory Reviews

During our review, we determined that 6 of the 15 UTC incident reports (40%) from our sample²² did not have evidence of supervisory review. In these 6 reports, the electronic reviewer signatures were either missing or were completed by the reporting officer, not a supervisor. According to UTC General Order 4.5, "Records and Information Management,"

Crash reports, criminal reports, and complaints must be validated by the reporting officer, then approved by the shift supervisor or assignee(s) before filing

²² As noted in **Finding 6**, we obtained a random sample of 15 entries from the 2018 UTC daily Clery crime logs and reviewed the supporting documentation, including incident reports. Please see **Finding 6** for more information.

electronically. Reports will be reviewed by the supervisor for completeness, accuracy, coherent quality, and validation in RMS [Records Management System]. Any report not approved shall be corrected by the officer prior to approval but remains the shift supervisor responsibility.

The order further states that “all offense/incident reports shall be reviewed and electronically approved by the shift supervisor.”

We discussed the six reports with the Executive Director of Emergency Services and the UTC Chief of Police, and they indicated this was not an issue because the UTC police department follows a strict review policy. According to UTC campus police, the supervisor must approve incident reports prior to electronically uploading the information in their computer system. However, without evidence of that review, we could not determine whether management had ensured compliance with the established policy.

Exceptional Clearance

During our review of incident reports and daily Clery crime log entries (see **Finding 6**), we noted that various incident reports included “exceptional clearance.” Exceptional clearance is the discontinuance of investigation and the administrative closing of a case when a case is deemed unsolvable. According to the TIBRS Data Collection Manual, most offenses²³ that must be reported in the TIBRS system “can only be cleared either by ‘arrest’ or ‘exceptional means.’” During our review of police reports and other aspects of campus security, we obtained guidance from TBI management and reviewed the reporting requirements contained in the TIBRS Data Collection Manual. According to the TIBRS Data Collection Manual,

It is recognized that some law enforcement agencies permit the discontinuance of investigation and the administrative closing of cases when all productive investigation has been exhausted for cases the agency deems to be ‘unsolvable.’ However, the administrative closing of a case or the ‘clearing’ of it by departmental policy does not permit exceptionally clearing an offense in TIBRS unless all four criteria [listed below] have been met . . .

An incident is cleared exceptionally when a qualifying element beyond law enforcement control prevents a physical arrest. **All four** [emphasis in original] of the following conditions must be met to clear an offence by exceptional means:

1. The investigation must have established the identity of at least one offender. This means the agency knows at least one offender’s sex, race, age, ethnicity, and resident status.
2. Sufficient probable cause must have been developed to support the arrest, charging and prosecution of the offender.

²³ TIBRS categorizes reportable offenses into two major groups. Group A includes crimes against persons, property, and society; these cases may only be cleared through arrest or exceptional means. Group B offenses, which include incidents such as public drunkenness and vagrancy, may only be cleared through arrest. Non-reportable offenses, such as most traffic violations, are not reported in TIBRS.

3. The exact (present) location of the offender must be known so that an arrest could be made.
4. There must be a reason outside of law enforcement control, preventing offenders arrest. The valid reasons and explanations include death of the offender; prosecution declined; in custody of another agency/jurisdiction; victim refused to cooperate; or juvenile/no custody.

We identified three instances on UTC incident reports where the campus police department granted “exceptional clearance” without documenting that all four exceptional clearance criteria had been met. We reviewed these three incidents because one incident was identified in a news article,²⁴ while two cases appeared in our random sample detailed in **Finding 6**. When we presented these specific cases to TBI for their review, TBI indicated that the incident report did not document sufficient grounds for granting exceptional clearance in compliance with TIBRS standards.²⁵

According to TBI and UT staff, TBI conducted its regularly scheduled 2019 TIBRS Quality Assurance Review of the University of Tennessee Chattanooga’s crime reporting. According to TBI, this audit resulted in identifying several issues, and the TBI Crime Statistics Unit is providing assistance to the UTC police department (UTCPD) in an effort to improve their crime reporting. They also recommended that UTCPD personnel attend TBI’s Report Writing for TIBRS class, and UT management has indicated that staff have attended this course.

Recommendation

We recommend the UT Board consider directing UT campus management to implement appropriate internal controls to ensure all campus police record and review sufficient documentation.

Management’s Comment

We concur in part for the reasons set forth below.

Supervisory Reviews

Management acknowledges that some UTC police incident reports may have lacked sufficient evidence of supervisory review. This primarily resulted from failure by the UTCPD to record reviewer signatures or because the reporting officer, rather than a supervisor, signed the electronic reports. However, UTC does not believe that in any of the cited cases there was actually a failure by the appropriate UTC police supervisor to perform a review of the file.

All reports are reviewed by a supervisor before being filed electronically as per UTCPD policy. The UTCPD will ensure that it properly documents that a supervisor has approved all future police incident reports prior to filing the reports electronically.

²⁴ <https://www.timesfreepress.com/news/local/story/2019/may/13/desmond-logan-rape-lawsuit/494581/>.

²⁵ We did not perform audit procedures to determine whether the entries were correctly entered into TIBRS or on statewide reports of crime statistics; therefore, we do not conclude whether these incidents were correctly reported in TIBRS.

Exceptional Clearances

The report cites the TIBRS Data Collection Manual for the proposition that there are four conditions that must be met in order to clear an offense by “exceptional means.” However, the quoted passage from the TIBRS Data Collection Manual also acknowledges that a police department’s own policy may “permit the discontinuance of investigation and the administrative closing of cases when all productive investigation has been exhausted for cases the agency deems to be ‘unsolvable.’” Accordingly, the police department may close the case, but it cannot be cleared in TIBRS unless all four of the listed criteria are satisfied. In a footnote, the report states that the auditors did not perform audit procedures to determine whether the entries were correctly reported in TIBRS.

The report then provides that “[w]e identified three instances on UTC incident reports where the campus police department granted ‘exceptional clearance’ without documenting that all four exceptional clearance criteria had been met.” Management acknowledges that certain cases reviewed by the auditors at UTC were incorrectly assigned an “exceptional clearance” designation in TIBRS. The UTCPD will ensure that for purposes of clearing an offense in TIBRS, any future “exceptional clearance” designations will be appropriately made in accordance with the “exceptional clearance” criteria identified in the TIBRS Data Collection Manual.

However, except for their “exceptional clearance” designations, Management believes that each of the complaints referenced in the report was appropriately investigated by the UTCPD, as further explained below:

1. January 2, 2018 Term Police Officer

This case involved a Chattanooga Police Department (CPD) Officer that the UTCPD hired as a temporary part-time employee to work security at UTC events as needed. The term officer engaged in inappropriate behavior toward an employee of a campus food service vendor after a UTC event on campus. The UTCPD officer interviewed the complainant and found that, while no crime had been alleged, the behavior of the term officer fell well below the expectations of the UTCPD. The complainant informed the UTCPD Officer that she did not want to pursue criminal charges. UTC terminated the CPD Officer’s employment with the University the following day. No further action was taken. Management acknowledges that the report should have documented the complainant’s desire not to pursue the matter further, and will ensure that future reports include documentation of such information when the complainant makes such a request.

2. October 28, 2018 Stalking Report

A UTC employee reported that an ex-boyfriend was stalking her at work. Following an investigation, it was determined that the suspect should be banned from campus and that he should receive a no-trespass directive. The UTCPD considered the case ongoing on the basis that it would communicate the no-trespass directive if and when the suspect ever returned to campus. Management acknowledges that better practice would have been to send a written notice of the no-trespass directive to the address the UTCPD had on file for the suspect. UTCPD will ensure that it issues such notices in the future in cases in which the contact information for the trespassed individual is known. However, Management maintains that the UTCPD’s failure to send a written notice in this case did not violate UTCPD policies or federal or state law.

3. Drug Dealing Report

The UTCPD received a telephone call from the stepfather of a UTC student who claimed that his stepson was using and distributing drugs on campus. Based on the information provided, the UTCPD determined that there was not sufficient information to obtain a warrant or take any documentable action. In accordance with UTCPD policy and standard police procedure, the case was ultimately closed. Management believes this matter was handled properly by UTCPD.

Recommendation

The report recommends that the UT Board consider “directing UT campus management to implement appropriate controls to ensure all campus police record and review sufficient documentation.” This recommendation will be considered in the study of oversight practices mentioned in response to “Ensuring campus safety” under Finding 1.

Auditor Comment

As noted in the finding and in management’s response to the finding, the items included in our review did not have sufficient supporting documentation. Adequate documentation is necessary to ensure that supervisors and staff perform their duties in compliance with applicable policies and procedures.

Finding 9 – The UT Board has not yet addressed the UT campuses’ physical security features

We visited the four primary UT System campuses—Knoxville, Chattanooga, Martin, and the Health Science Center (Memphis)—to observe and document physical security features, conducting both day- and nighttime tours at each. We also queried officers about any potential areas of concern related to campus safety. Our testwork revealed that while each campus has the same responsibilities for keeping its students safe, there are inconsistencies in the safety and security features available at each campus.

Most details of this finding are confidential pursuant to Section 10-7-504(m), *Tennessee Code Annotated*. Additionally, pursuant to Standard 7.41 of the U.S. Government Accountability Office’s *Government Auditing Standards*, we omitted certain information from this report because that information was deemed to present potential risks related to public safety, security, or the disclosure of private or confidential data. We provided the UT Board with detailed information regarding the specific conditions we identified, as well as the related criteria, causes, and our specific recommendations for improvement. We discuss the non-confidential information below.

Commissioned Officers

One difference in security across campuses is the number of state commissioned officers each campus employs.

Table 8
Commissioned Officer Comparison by Campus
School Year 2018–2019

	UTK	UTC	UTM	UTHSC
Fall 2018 Enrollment	28,894 ²⁶	11,588	7,048	3,280
Number of Commissioned Officers	60	24.5 ²⁷	12	27
Students per Commissioned Officer	482	473	587	121

Source: Auditor created based on data collected.

As noted in the table above, there are considerably less students per commissioned officer at UTHSC compared to the other schools. Although required to disclose the number of security personnel by Section 49-7-2203(c)(5), *Tennessee Code Annotated*, UTHSC did not disclose this in the annual security and fire safety report; we had to review employment data to determine this number. The high number of officers is reflected in the articles published on the UTHSC website that indicate that the Chief of Police intends to be the first point of contact for all emergencies in the Memphis Medical District. According to the Chief of Police,²⁸ “The Memphis VA [Veterans Affairs] Hospital, Le Bonheur Children’s Hospital, Regional One, banks in the area, they call us now before the Memphis Police Department. They know our response time is 1 minute or less, because we are already right here.” We discuss our concerns with police response times in **Observation 5**.

In another article, the Executive Vice Chancellor²⁹ indicates the UT System is spending funds to alleviate costs for the Memphis Police Department (MPD). He is quoted as saying, “Really what we want is the UTHSC police department to function like the Memphis Police Department. The police department is down in the 300 to 350 range for police officers. For us to have employees, who are certified in the same kind of training that MPD goes through, working for the university, and for us to have responsibility for a fair amount of geography, it provides the city a little relief. They don’t have to double resources in the Medical District.”

Section 49-7-118(a), *Tennessee Code Annotated*, authorizes governing boards of public institutions of higher education “to establish policies pursuant to which a suitable number of persons may be employed or commissioned, or both, as police officers, public safety officers, and security officers by institutions and schools governed by the respective boards.” While statute grants the UT Board the ability to establish levels of campus security and police officers, the new board should evaluate the former board’s decisions regarding expectations and oversight of campus security. We further discuss our recommendation for improved oversight in **Finding 2**.

Memorandums of Understanding With Local Law Enforcement

Section 49-7-118(e)(1), *Tennessee Code Annotated*, states,

²⁶ This includes the enrollment numbers for the Institute of Agriculture and the Space Institute.

²⁷ This amount was determined by converting the 15 part-time officers into 7.5 full-time officers and adding it to the 17 full-time officers, for a total of 24.5 full time officers.

²⁸ Source: <https://news.uthsc.edu/uthsc-campus-police-increasing-safety-visibility-in-the-memphis-medical-district/>.

²⁹ Source: <https://news.uthsc.edu/20-million-plus-security-upgrades-include-new-2-million-campus-police-headquarters/>.

A law enforcement agency may enter into such written mutual assistance or other agreements with other law enforcement agencies, including a county sheriff's department, municipal police department, judicial district drug task force, Tennessee bureau of investigation or Tennessee highway patrol, as are necessary to preserve and protect the property, students and employees of the college or university employing the officers and to otherwise perform their duties. The agreements may provide for the exchange of law enforcement officers and security officers when required for a particular purpose or for mutual assistance to effectuate arrests, execute search warrants and perform other law enforcement functions when the law enforcement agency finds it necessary to act outside of their statutory jurisdiction.

All campus police departments have entered into memorandums of understanding (MOUs) with local law enforcement. Our initial request for copies of MOUs in place with local law enforcement revealed that UTC, UTM, and UTHSC had not updated these agreements for 3 to 13 years. However, before the end of our fieldwork, UTHSC did provide a signed MOU, dated May 20, 2019, to supersede the prior one dated February 8, 2010. Regularly reviewing and updating MOUs is important to ensure all responsible parties are aware of the expectations when the two agencies are working together; without this agreement, officers might not be aware of the laws affecting their job duties (for example, state law requires university police to take the lead on sexual assault cases that occur on campus).

We determined that no one from local police or campus police signed the UTM MOU, and we assert that campus police should be included in developing this agreement not only because of their expertise, but also to help ensure that responsible individuals are aware of the requirements and expectations to maintain a good working relationship between the two agencies. Without having a standard process for developing and obtaining MOUs from local law enforcement, important matters could be left out of the agreement and responsible individuals may not be aware of their responsibilities.

UTHSC Expanded Police Jurisdiction

UTHSC has expanded its jurisdiction to include multiple hotels; apartments; and even two other colleges, Southwest Tennessee Community College and Baptist College Health Services, even though those colleges have their own security or police force. We requested justification for the expansion but received no response from the Chief of Police.

According to the U.S. Department of Education's *Handbook for Campus Safety and Security Reporting* 2016 Edition (DOE Handbook), "In addition to recording reported crimes that occurred on campus, in or on noncampus buildings or property or on public property within the campus or immediately adjacent to and accessible from the campus, reports of **crimes that occurred within the patrol jurisdiction of the campus police or security department** must also be entered into the crime log" [emphasis in original]. The number of errors with Clery daily crime logs, coupled with the expanded jurisdiction, could result in significant fines³⁰ for dangerous areas that have nothing to do with UTHSC other than the campus police have agreed to patrol this area,

³⁰ See **Finding 3** for additional details on Clery Act fines to universities.

including the two colleges that are not part of the UTHSC campus and that also have reporting responsibilities. The DOE Handbook requires schools to obtain Clery Act crime statistics from all local law enforcement agencies that have jurisdiction.

Responsibilities of Oversight Boards

Section 49-7-118, *Tennessee Code Annotated*, states, “(a) The governing boards of public institutions of higher education are authorized to establish policies pursuant to which a suitable number of persons may be employed or commissioned, or both, as police officers, public safety officers, and security officers by institutions and schools governed by the respective boards. (b) In addition to the minimum requirements under regulation . . . each board or institution may establish additional qualifying factors, training standards, and policies for employees holding a police officer’s commission.”

Although the UT Board has full power and authority over the governance of the UT System and was specifically authorized to establish police force levels, the new UT Board should ensure that each institution’s management regularly provides information so that both the board and management can regularly assess, regulate, and monitor the adequacy of campus security. Our review of campus security resulted in eight findings (**Findings 3 through 10**) and one observation (**Observation 5**) that note areas for improvement related to security.

Recommendation

We recommend the new UT Board consider establishing its expectations of physical security features on campuses. Additionally, we recommend the UT Board consider ensuring that all campuses inform the board of all emergency situations. We recommend the UT Board consider establishing the required number of commissioned officers for each campus to ensure that staffing levels are appropriate and not excessive. The UT Board should also consider ensuring that the UT System develops policies and procedures to ensure that all responsible parties are involved in developing memorandums of understanding.

Management’s Comment

We concur in part for the reasons set forth below.

Management disagrees with any inference arising from Finding 9 that its students are unsafe or that current campus physical security features are inadequate. Management stresses that student safety is one of the University’s top priorities and that the University is constantly striving to improve student safety. For example, UTC recently has made significant and ongoing efforts to monitor and improve the physical security features of the campus, including the following:

- Electronic access on external and selected internal doors across campus
- Emergency phones (blue light phones) on campus exterior
- Emergency phones (red phones) in classrooms
- Mass notification system for text/voice/social media/web (RAVE alert)

- Campus network alert system for Alertus beacons and 3600 desktops (AlertUS)
- Campus exercises and drills
- Safewalk event for students, faculty, and staff to walk the campus and identify safety concerns together
- Ballistic film added to windows of critical areas
- Monthly lighting surveys across campus
- Evaluation of campus (Crime Prevention through Environmental Design)
- Dedicated Emergency Operations Center
- Upgraded video management system for campus-wide video
- Current projects underway utilizing funds from Governor's office
 - Enhancing external doors across campus
 - Enhancing internal door security throughout campus
 - Additional cameras in high occupancy areas, vulnerable areas, entrances, and exits
 - Upgrading of 24 hour Dispatch/Communications Center
 - Provision of Data connectivity to UTC PD vehicles
 - Response equipment (additional rifles for police officers)

Such examples of the University's efforts to improve physical safety features demonstrate the University's unwavering commitment to student safety. Management confirms that the University will continue to allocate resources and effort towards making improvements in this area.

Commissioned Officers

The report states that Tennessee Code Annotated § 49-7-118(a) authorizes the University's Board to establish levels of campus security and police officers and recommends that the new Board should evaluate the former Board's decisions regarding expectations and oversight of campus security. Although the report then points out differences in the number of commissioned officers at each of the University's campuses, it does not state that the number of commissioned officers at any campus is inadequate.

In fact, the report discusses commissioned officers in detail only with regard to UTHSC, noting that the student-to-commissioned officer ratio at UTHSC is lower than that of the other University campuses. The report states that UTHSC did not disclose its number of security personnel in its annual security and fire safety report. Management acknowledges this finding and will ensure that UTHSC reports those figures appropriately in future reports. Again, however, the report does not provide any support for the position that any of the University's campuses are inadequately staffed with commissioned officers or that the former or current University Boards have failed to exercise proper oversight on this issue.

The report references the “high number of officers” at UTHSC. Management believes the high number of officers reflects the competitive nature of the police market in Memphis, and the turnover rate in the UTHSC police department is due to the ongoing recruitment efforts of other large police departments in the Memphis and surrounding areas. The UTHSC police department is attempting to mitigate the impact of these circumstances, including by adjusting compensation to its police officers, but Management acknowledges that it is challenging to maintain adequate staffing levels in this area of the state.

Memorandums of Understanding with Local Law Enforcement

As an initial matter, Management notes that Tennessee Code Annotated § 49-7-118(e)(1) provides that law enforcement agencies “may” enter into mutual assistance agreements with other law enforcement agencies. Such agreements are not required under state law. The report recognizes that all University campus police departments have entered into memoranda of understanding (MOUs) with local law enforcement. However, the report comments that the MOUs at UTC, UTM, and UTHSC had not been regularly updated.

Management disagrees with the assertion that any of the University’s campuses have failed to regularly review or update MOUs with local law enforcement agencies. The fact that a particular MOU has been in place for several years does not necessarily mean that a new MOU is needed. Management confirms that the campuses review their MOUs on a consistent and regular basis, and are willing and able to make changes to those MOUs as necessary.

The report acknowledges that UTHSC provided auditors an MOU dated May 20, 2019. Management also can now confirm that UTM executed a new MOU on November 14, 2019. These recently signed MOUs reflect the ongoing efforts of each campus to regularly review, revise, and renew their MOUs with local law enforcement as appropriate.

UTHSC Expanded Police Jurisdiction

UTHSC has not expanded its jurisdiction beyond what is appropriate. See other responses regarding the Clery Act in previous sections of Management’s response.

Recommendation

Campus safety is of utmost important to the Board and the administration of the University, and we agree that the Board should be kept appropriately informed of certain issues relating to campus safety and the physical security features of University buildings.

The report recommends that the Board consider establishing expectations of physical security features on all campuses. Management disagrees that current physical safety features at any of the University’s campuses create unsafe environments. However, Management confirms that it will study best practices of other institutions with regard to physical security features and consider implementing any appropriate upgrades or modifications to existing facilities to continually improve campus safety. Further, physical security features will be addressed in the annual report to the Board on campus safety mentioned in response to “Ensuring campus safety” under Finding 1.

The report also recommends that the Board consider ensuring that all campuses inform the Board of all emergency situations. This question will be considered in the study of oversight practices mentioned in response to “Ensuring campus safety” under Finding 1.

The report further recommends that the Board establish a required number of commissioned officers for each campus. As noted previously, we do not believe the officer staffing levels are inappropriate at any campus. Officer staffing levels will continue to be monitored, and necessary steps will be taken to maintain appropriate police forces at each campus. Officer staffing levels will be included in the annual report to the Board on campus safety mentioned in response to “Ensuring campus safety” under Finding 1.

Finally, the report recommends that the Board ensure that the UT System develops policies and procedures to ensure that all responsible parties are involved in developing MOUs with local law enforcement agencies. As explained previously, existing MOUs are regularly reviewed and, when appropriate, MOUs are amended or new MOUs are negotiated. The status of MOUs will be included in the annual report to the Board on campus safety mentioned in response to “Ensuring campus safety” under Finding 1.

Observation 5 – The former UT Board had not ensured that campus police monitored their response times

While analyzing police call logs for the entire calendar year of 2018 and visiting the UT System’s four primary campuses, we determined that the campus police departments either do not analyze call response times or do not maintain a record of this review. Although each campus has policies in place to prioritize calls related to life-threatening emergencies over other calls, we concluded that responsible officials did not monitor police response times to ensure that calls are answered within a reasonable timeframe and prioritized correctly to identify areas for improvement and training opportunities.

Results of Testwork

While responsible officials have indicated they review response times if they are informed of an issue, operating proactively could help prevent problems. For example, UTHSC campus police indicated their response times are so low that they do not have any concerns about response times; however, we identified that one item had a three-hour response time. Because officials did not monitor response times, this length was never identified as a problem. Upon our discussion with the Chief of Police, he agreed that there were inaccuracies in the UTHSC call logs that could have been identified through regular monitoring of police response times. For example, the call mentioned above was not properly closed after officers arrived on the scene; it was closed once the complainant arrived at the police precinct to complete the report three hours later. The Chief informed us that the campus police department would begin tracking and monitoring response times to prevent any additional issues.

Both the UTC and UTM calls to service records did not contain enough information to calculate police response times. Specifically, the UTC log lacked the officer arrival time, while the UTM log lacked the call time.

Our review of UTK call to service logs revealed 24 calls with a response time between 1 and 2 hours and 8 calls with a response time between 2 and 15 hours. These calls to service included descriptive classifications such as “unlocking vehicles,” “thefts,” “hit and runs,” “domestic standbys,” and “rapes committed prior.” Because UTK campus police do not monitor police response times, these items were never identified as potential issues. Further inquiry into the call logs revealed that the Clery Coordinator makes entries in the Computer Aided Dispatch system when receiving reports of crimes. While there are no policies prohibiting this practice, at least some of the entries document dispatch, en route, and arrival times of officers even though the notes do not indicate that an officer was dispatched. Incorrectly documenting police dispatch times when no officer is dispatched could indicate that the data provided is unreliable for monitoring police response times and could skew any overall calculations of response times.

Standards for Police Response Times

Currently, there are no UT System, state, or federal requirements for campuses to monitor police response times, but simply lacking requirements is not indicative of a lack of need or importance. The absence of system-wide guidance, expectations, and monitoring has led to missed opportunities for earlier identification and correction of potential problems. UT System officials should implement a proactive process for continuous, rather than complaint-based, improvement of police operations. Setting expectations and tracking actual response times would also allow the campus police departments to analyze department-specific staffing levels, as an increase in response times could indicate the need for additional officers.

We recommend the UT Board consider developing expectations and directing UT System administration to work with campus police departments to develop standards, policies, and procedures for police response times based on the conditions of each campus.

Finding 10 – UTHSC did not report all instances of theft, mysterious disappearance, burglary, or vandalism to UT System administration, leading to inaccurate and incomplete reporting to the Comptroller of the Treasury

During our sample testwork, we identified one UTHSC police report that was incomplete and involved vandalism to five UT System vehicles. The police report, however, stated that the reporting employee did not want to file a police report on the incident and that campus police officers were unable to fully document damages because some vehicles had already received repairs. Due to the incompleteness of this police report, we attempted to ensure that other instances of theft or vandalism were reported to the Comptroller of the Treasury as required.

Requirements to Report

Per Section 8-4-119(a), *Tennessee Code Annotated*, “any state agency having determined that a theft, forgery, credit card fraud, or any other intentional act of unlawful or unauthorized taking, or abuse of public money, property, or services, or that other cash shortages have occurred in the state agency, shall report the information to the office of the comptroller of the treasury.” Additionally, UT System-wide Policy FI0131, “Cash Shortages and Property Losses,” states,

“This university is required to report any cash shortages or unauthorized removal of property to the state comptroller’s office.” The policy further states, “To ensure prompt inspection of any damage and facilitate the settlement of an insurance claim, all property losses must be reported within 30 days of the date a loss is first suspected to the appropriate budget entity business office or financial officer, who in turn will forward a report to the Office of the Treasurer.”

Review of Form T-65s

We reviewed all of the Form T-65s, “Summary of Theft, Mysterious Disappearance, Burglary, or Vandalism of University Funds and Property,” that UTHSC submitted to the Comptroller of the Treasury for calendar year 2018 and determined that only March and April contained any losses of UT System property. In total, these forms identified 19 pieces of UTHSC property that were either stolen or had disappeared mysteriously. The police report sample that we selected for our testwork revealed that 4 of the 15 incidents we reviewed (27%), consisting of 2 acts of vandalism (including the one mentioned above) and 2 instances of lost or stolen property, were not included in the monthly reports submitted to the Comptroller of the Treasury. Therefore, we attempted to determine the full extent of the issue by reviewing each call to service the UTHSC police department received.

Analysis of Police Calls

We reviewed the 69,550 UTHSC calls to service for 2018 and identified 20 more theft reports (for a total of 24) and 5 vandalism reports that potentially involved UT System property. We then interviewed responsible individuals to determine the reporting process for thefts, burglary, and vandalism of UTHSC property.

We determined that the Accounting Specialist, who completes the T-65 forms at UTHSC, lacks access to a complete and accurate list of all thefts, burglaries, or vandalisms. Since the campus police officer responsible for providing this information to the Accounting Specialist was unaware he was supposed to provide reports of theft, vandalism, and burglary, he was only providing the “inventory deletion” reports completed by the police department. Our review of the 2018 case list also revealed that not all of these UTHSC inventory deletions were reported to the Comptroller of the Treasury (see **Table 9**). We also noted that at the three other campuses, a member of the police department completes and signs the T-65 forms.

Table 9
2018 Property Loss Reports to Comptroller Versus 2018 Police-Recorded Inventory Deletions

	Total
Total Property Loss Reported to Comptroller	\$ 61,733
Total Inventory Deletions from UTHSC Police Records	83,333
Inventory Deletions Amount Not Reported to Comptroller	\$(21,600)

Source: UTHSC campus police case logs and UTHSC T-65 forms for the period January 1, 2018, through December 31, 2018.

Because UTHSC did not promptly and accurately report all instances of theft, burglary, vandalism, and mysterious disappearances, UT System administration was unable to fully comply with statute that requires reporting this information to the Comptroller of the Treasury. When employees do not promptly report missing items, it hinders campus management from properly documenting losses. The UTHSC Chief of Police agreed with us that a problem exists with reporting and told us the campus police department will correct it immediately.

Recommendation

We recommend that the UT Board consider ensuring that UTHSC

- submit corrected T-65 forms and any new forms necessary to the UT System's Office of Audit and Compliance, which will in turn provide amended reports to the Comptroller's Office;
- re-train all UTHSC employees on their responsibility to and the importance of immediately reporting vandalism, theft, burglary, or mysterious disappearances of university property to responsible officials;
- re-train responsible individuals for ensuring the accuracy, completeness, and timeliness of T-65 forms; and
- consider adopting the practice used at the other three campuses of having campus police complete these forms.

Management's Comment

We concur. The University is taking the following steps to correct the cause of the finding. University Fiscal Policy FI0131, "Cash Shortages and Property Losses," places the responsibility for completing the T-65 Form with the campus/institute chief business officer (or designee). The UTHSC Senior Vice Chancellor for Finance and Administration, or his/her designee (which may include the UTHSC Police Department), will ensure the following moving forward:

1. All UTHSC employees will be made aware of the requirements for reporting cash and property losses as described in Policy FI0131;
2. Employees responsible for the T-65 reporting will document the process for completing the form, including roles (and those individuals and departments assigned to the roles), responsibilities, and deadlines for completing and submitting the form (this responsibility will include determining the appropriate role for the campus police department), and utilize a case management system to ensure proper tracking of all required reporting;
3. All employees involved in the process of preparing and submitting the T-65 Form will receive appropriate training/re-training; and
4. Employees responsible for the T-65 reporting will periodically evaluate the campus's compliance with the reporting processes and implement additional training and guidance as appropriate.

All Form T-65s for calendar year 2019 are reviewed, corrected as necessary, and submitted to the UT System Office of Audit and Compliance for forwarding to the Comptroller's Office.

MENTAL HEALTH SERVICES



UT Knoxville Student Health Center

Source: <https://volwell.utk.edu/>

MENTAL HEALTH SERVICES

According to *U.S. News and World Report's* “Best States 2019” publication, Tennessee ranked 43rd of all 50 states in public health, which included a 42nd ranking in mental health and a 29th ranking in suicide rate. The Tennessee Suicide Prevention Network states in its *Status of Suicide in Tennessee 2019* report, “Each day in Tennessee, an average of three people die by suicide. As of 2017, suicide is the second-leading cause of death for young people (ages 10-19) in Tennessee, with one person in this age group lost to suicide every week. We lose one person between the ages of 10-24 every four days.”

With the passage of Chapter 455 of the Public Acts of 2019 on April 30, 2019, the Tennessee General Assembly now requires all institutions of higher education to develop and implement a suicide prevention plan for students, faculty, and staff and to provide this plan to students, faculty, and staff at least once each semester.

According to an article from the *Scientific American*, college often emerges as an especially fraught time in people's lives, since students “may be away from home for the first time, without a support network, and up against more academic and peer pressure than ever before.”³¹ The Associated Press noted in January 2018 that young adults in college are “at an age when disorders including schizophrenia and bipolar depression often start to develop.”³² In September 2011, the American Psychological Association announced the existence of a **mental health crisis** on college campuses,³³ which is evidenced by the relatively high number of suicide occurrences (see **Exhibit 6**).

Given the state's low national mental health rankings, Tennessee's college students—including those within the University of Tennessee (UT) System—may be at particular risk for mental health crises.

UT Campus Service Offerings

Each of the UT System's four primary campuses offers student counseling services. University of Tennessee, Knoxville (UTK), University of Tennessee at Chattanooga (UTC), University of Tennessee at Martin (UTM), and University of Tennessee Health Science Center (UTHSC) have all developed a website to communicate available services and use a specialized computer system to support their counseling centers' operations. The range of services and the number of counselors available to assist students vary by campus, although all campuses offer individual therapy and crisis intervention and at least one counselor.

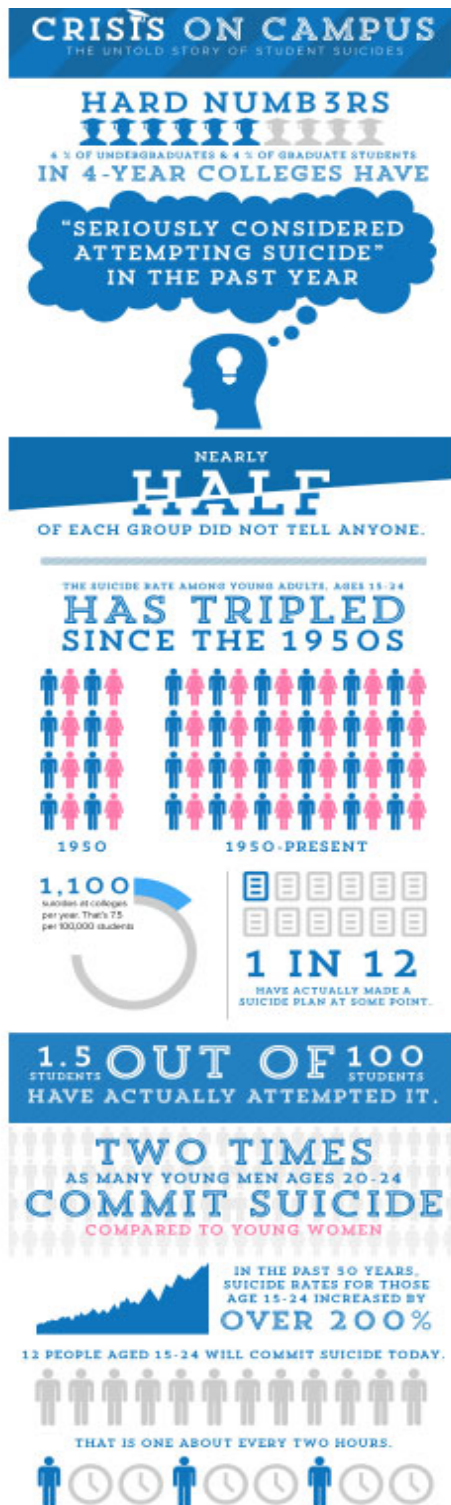
Additionally, every campus has Care Teams that monitor at-risk students. Students may make an incident report if they have concerns about another student, and parents may call the campus directly if they are unable to reach a student. The Care Teams then reach out to the at-risk student by emailing and even knocking on their dorm room doors to make contact. If a student reports suicidal thoughts, the Care Team adds the student to a list so that the team can check in with that student periodically.

³¹ Source: <https://www.scientificamerican.com/article/surging-demand-for-mental-health-care-jams-college-services/>.

³² Source: <https://apnews.com/45f78abcfcec43e49f4c0fbe06b66a8b>.

³³ Source: <https://www.apa.org/monitor/2011/09/crisis-campus>.

Exhibit 6 Statistics About College Suicide



Source:

www.collegedegreesearch.net/student-suicides/.

According to counseling service management and the campus websites, the most common reasons students seek help are relationship problems, academic performance worries, adjustment issues, depression, anxiety, family concerns, poor self-esteem and self-confidence, communication difficulties, and trauma (which includes sexual assault).

Depending on the campus, counselor caseload and wait times for appointments vary. Counselor caseload at every campus consists of a mixture of

- **emergency care**, which is when counselors provide immediate assistance to students; examples include, but are not limited to, when students self-report thoughts of self-harm or harm to others, have active psychosis, experience sexual and other types of assault, and suffer the death of a family member or fellow student; and
- **continuing care**, which encompasses non-emergency situations and involves care over time.

Whenever a counselor leaves employment (usually with a four-week notice), management must promptly develop and execute a plan to distribute his or her caseload to the remaining counseling staff so that students face no disruption in their care.

Mental Health Services Oversight

The International Association for Counseling Services (IACS) serves as an accrediting body for mental health services; currently, UTK is the only campus within the UT System that has achieved accreditation. Among other functions, the IACS establishes recommendations for counselor-to-student ratios on college and university campuses.

While the UT FOCUS Act does not specifically assign the University of Tennessee Board of Trustees (UT Board) responsibility for mental health services, the act does provide the board with broad oversight authority, including oversight of nonacademic programs and any necessary actions to achieve the UT System's mission.

Audit Results

- 1. Audit Objective:** Had the UT Board reviewed the status of each campus' mental health programs and offered suggestions for improvement in the following areas?

Conclusion: We reviewed both the full board and committee meeting minutes for the new board's entire existence and saw no discussion of mental health programs. Furthermore, the Board Chair confirmed that the board has not set expectations for mental health services delivery. See **Findings 2 and 11**.

- a. Audit Objective:** In accordance with International Association of Counseling Services (IACS) standards, did each university campus maintain an appropriate ratio of counselors to students seeking services?

Conclusion: Our calculations revealed that UTK, UTC, and UTHSC fell under the maximum IACS counselor-student ratio of 1:1,500; however, UTM exceeded this threshold. We also discovered unmet service needs at both UTM and UTHSC. See **Finding 11**.

- b. Audit Objective:** Were average counselor caseload and turnover rates at each campus reasonable?

Conclusion: We determined that counselor caseloads fluctuate at the campuses and that the counseling centers lack caseload policies and standards. See **Finding 11**. Additionally, we identified inconsistencies in the counselor turnover data provided to us. See **Observation 3**.

- c. Audit Objective:** Did each campus have a process in place to immediately redistribute caseloads upon a counselor's departure?

Conclusion: Based on our procedures, we found that each campus had implemented a caseload redistribution process.

- d. Audit Objective:** Were wait times for non-emergency mental health services reasonable?

Conclusion: During the semester, non-emergency wait times can lengthen to several weeks at UTK, UTC, and UTM. Moreover, none of UT's four primary campuses has adopted a policy or standards governing the wait list. See **Finding 11**.

- e. Audit Objective:** How much of the counselor caseload consisted of emergency care versus continuing counseling and referral services?

Conclusion: According to the Mental Health Directors at each campus, the counselor caseload consists of approximately 70% continuing care, 20% emergency care, and 10% training and outreach.

- f. Audit Objective:** Did each campus track student suicide rates to help assess the effectiveness of its mental health services offered and detect trends that could potentially save lives?

Conclusion: We found that the UT System needs to improve its tracking of student suicide rates. See **Finding 11** and the **Matter for Legislative Consideration**.

- g. Audit Objective:** Did each campus' website provide a menu of the mental health support services offered?

Conclusion: While UTK, UTC, and UTHSC had detailed mental health websites, UTM's website included limited information about both services and counselors. We also identified an overall lack of collaboration between the counseling centers at the individual UT campuses. See **Findings 1** and **11**.

Methodology to Achieve Objectives

To achieve our objectives, we interviewed the Mental Health Directors at each campus, as well as the UT Board Chair. We also reviewed all the UT Board and subcommittee meeting minutes for the current board (covering the period of August 1, 2018, through June 21, 2019); researched standards and accreditation for mental health services; analyzed various Internet articles involving campus mental health issues; and viewed each campus' mental health services website.

Finding 11 – The UT Board has not yet reviewed mental health programs for counselor-to-student ratios, counselor caseloads, appointment wait times, service gaps, student suicide tracking, or collaboration among the campuses

UT Board Oversight

According to Section 49-9-209(d)(1)(L) through 49-9-209(d)(1)(T), *Tennessee Code Annotated*, the UT Board has the duty to

- Monitor the university's nonacademic programs, other than athletics, including programs related to diversity and monitor compliance of nonacademic programs with federal and state laws, rules, and regulations; . . .
- Exercise general control and oversight of the University of Tennessee system and its institutions . . . ; [and] . . .

- Exercise all powers and take all actions necessary, proper, or convenient for the accomplishment of the university's mission and the responsibilities of the board.

Section 49-9-209(e)(1) goes on to say the following: “The board of trustees shall also have full power and authority to make bylaws, rules, and regulations for the governance of the university and the promotion of education in the university that in the board’s opinion may be expedient or necessary.”

Mental health services constitute a major nonacademic program that requires board oversight. In addition, the missions, values, and visions for UTK, UTC, UTM, and UTHSC all address student wellbeing in some capacity, further emphasizing the necessity of board oversight of mental health programs. For example, UTC’s mission³⁴ references “actively engaging students,” “sustaining our community,” and “provid[ing] a nurturing environment.” The U.S. Government Accountability Office’s *Standards for Internal Control in the Federal Government* (Green Book) provides a comprehensive framework for internal control practices in the federal government and serves as best practices for other government agencies. Per Section 2.03 of the Green Book, as an oversight body, the UT Board “oversees the entity’s operations; provides constructive criticism to management; and where appropriate, makes oversight decisions so the entity achieves its objectives in alignment with the entity’s integrity and ethical values.” By providing oversight of mental health services, the UT Board would help the institution fulfill its objectives related to promoting student welfare and encouraging student growth.

Based on our examination of the UT Board and its committee minutes and our interview with the UT Board Chair, the UT Board has not developed a plan to review UT’s mental health programs,³⁵ even though higher education governing bodies nationwide are showing increased interest in this area. Increased oversight by the UT Board may have identified multiple weaknesses that have emerged within the four primary campuses’ service offerings and data tracking.

³⁴ Source: <https://www.utc.edu/about/mission.php>.

³⁵ According to the minutes for the board’s March 1, 2019, Education, Research, and Service Committee, the Vice President for Academic Affairs and Student Success provided an overview of the student success initiatives currently underway, one of which involved mental health and wellness. The minutes do not record any discussion among the committee members about the Vice President for Academic Affairs and Student Success’s overview, and minutes of the full board meeting held on the same day do not reference this presentation.

Examples of Mental Health Oversight by Higher Education Governing Bodies

Utah

In December 2016, Utah's higher education governing board formed a working group on student mental health. Utah Public Radio states, "The Utah State University Student Association . . . declared a 'mental health crisis' on campus because of what they see as an alarming number of student suicides and a shortage of school counselors. Students and members of the board of regents will join in the working group to further analyze how mental health is being handled."

Source: <https://www.upr.org/post/working-group-start-looking-mental-health-higher-education>.

Virginia

In February 2018, the American Foundation for Suicide Prevention reported 11 states that currently have laws geared toward suicide prevention on university and college campuses. Virginia's law establishes,

The governing board of each public institution of higher education must develop and implement policies that advise . . . of the proper procedures for identifying and addressing the needs of students exhibiting suicidal tendencies or behavior, and provide for training, where appropriate. These policies must require notification of the institution's student health or counseling center when a student exhibits suicidal tendencies or behavior.

The board of visitors . . . must develop and implement policies that ensure that after a student suicide, affected students have access to reasonable medical and behavioral health services, including postvention services, i.e. services designed to facilitate the grieving or adjustment process, stabilize the environment, reduce the risk of negative behaviors, and prevent suicide contagion. The board of visitors must also establish a written memorandum of understanding with its local community services board or behavioral health authority and with local hospitals and other local mental health facilities in order to expand the scope of services available to students seeking treatment.

Sources: <https://www.upr.org/post/working-group-start-looking-mental-health-higher-education> and <https://law.lis.virginia.gov/vacode/title23.1/chapter8/section23.1-802/>.

UTM Employs Fewer Than the Recommended Number of Counselors

The International Association for Counseling Services (IACS) has established an aspirational standard of 1 full-time equivalent mental health counselor for every 1,000 to 1,500 college students. The IACS notes that counseling centers at larger educational institutions tend to have slightly higher ratios than smaller institutions and reports that the average ratio of mental health professionals to students was 1:1,600 as of 2013.

Based on our calculations, UTM currently has 3 counselors with a 2017–2018 average enrollment of 6,502 students, for a ratio of 1 counselor to 2,167 students (see **Chart 1**). In order to comply with IACS aspirational standards, UTM would need to hire 2 additional counselors. The UTM Mental Health Director agreed with our calculations; she said that she had been expressing the need for additional counselors to UTM campus management since 2010.

IACS illuminated the following consequences for campuses exceeding the recommended counselor-to-student ratio:³⁶

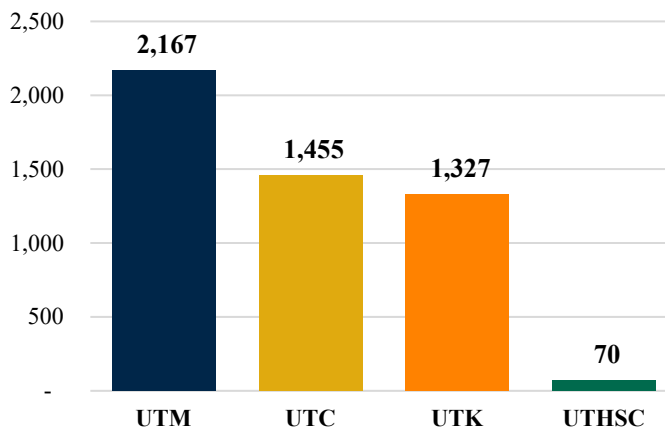
- The waiting list will increase.
- Difficulty providing services to students experiencing increasingly more severe psychological issues increases.
- Liability risks to the counseling center and university increase.
- The support for the academic success of students is decreased.
- Counseling centers are less available to help support the campus community.

UTM has already been experiencing wait list issues, as described in the next section of our finding.

Campuses Struggle with Fluctuating Counselor Caseloads and Appointment Wait Times

Our inquiries with the Mental Health Directors revealed that while each counseling center immediately sees students in crisis, the campuses' caseload distributions and wait times for non-emergency follow-up appointments can vary and are sometimes excessive (see **Table 10**).

Chart 1
Ratio of Students to One Counselor
School Year 2017-2018



Source: Auditors constructed chart from campus-provided data.

³⁶ Source: <http://iacsinc.org/staff-to-student-ratios.html>.

Table 10
Counselor Caseloads and Appointment Wait Times at Each Campus

Campus	Counselor Caseloads		Wait List	
	Management Assessment	Policy?	Management Description	Policy?
UTK	Depends on the time of year, with caseloads increasing as the semester progresses.	While the center has a standard to limit counselors to three to four new students a week, no formal policy has been set.	End-of-semester wait times increase to “several weeks,” limiting students to emergency, one-time sessions. The UTK Mental Health Director said the maximum wait time should be two weeks.	No.
UTC	High.	Caseloads are limited to 60 active students receiving continuing care per semester with additional consultations (one-time appointments); however, the center does not have a written caseload policy.	UTC students typically do not have a wait time except during midterms and finals. For follow-up appointments, students not in crisis can wait two to four weeks, and complaints are common.	No.
UTM	High, peaking during midterms and finals.	The center has not developed a policy listing its recommended daily maximum per counselor of six students and two intakes.	The 2018–2019 academic year wait times reached three weeks for the first time.	No.
UTHSC	Just right.	Currently undergoing review.	Students can make a counseling appointment within a week.	Currently undergoing review.

Source: Auditors’ discussions with each campus’ Mental Health Director.

UTM and UTHSC Are Experiencing Mental Health Service Gaps

When we inquired with the campus Mental Health Directors about the adequacy of mental health services they currently provide, both UTM and UTHSC disclosed service gaps.

- The UTM Mental Health Director expressed concerns about the limited mental health services available at the five extended campus locations (Ripley, Selmer, Jackson, Parsons, and Somerville) and for students exclusively taking online classes (see **Table 11** for enrollment information). She informed us that these students must either drive to the main Martin campus or agree to counseling sessions conducted over the telephone. According to the UTM Mental Health Director, as of June 2019, the campus

extensions are still in the process of procuring private rooms for tele-counseling. She noted that all students should receive the same level of services since the student fee remains the same regardless of class location.

- The UTHSC Assistant Vice Chancellor for Student Academic Support Services and Inclusion said her campus' biggest challenge has been servicing the 139 students at the Nashville location (including providing Care Teams) because UT does not have another campus there.

According to the UT System website, UT Martin has more off-campus centers than any public four-year university in the state and is the university's largest provider of online education.

Table 11
Students Enrolled at UTM Affiliated Campuses
Fall 2018

Location	Number of Students Enrolled in at Least One Course at Location*
Jackson Center	40
Parsons Center	389
Ripley Center	121
Selmer Center	113
Somerville Center	113
Online	2,125
UTM Main Campus	4,805

*Students taking courses at multiple locations are counted at each location enrolled.

Source: Auditors constructed the table based on information provided by UTM management.

UT System Has Deficiencies in Tracking Student Suicides

During our testwork, we found that the UT campuses did not have a standard process in place to track student suicides, and in most cases, they were unable to provide us with data on the number of students who had committed suicide. We asked the Mental Health Directors about suicide tracking and numbers and received the following responses:

- UTK's Mental Health Director could not provide us with suicide statistics, was unsure whether any other office compiled this information, and does not believe there is a reliable method to track suicide rates. We did uncover multiple news reports chronicling student suicides at UTK.
- UTC's Mental Health Director advised us that the counseling center does not track suicide rates, nor is she aware of any other campus office that does so. She added that it was important that the campus does start to track suicide rates.
- UTM's Mental Health Director informally tracks this data and is aware that the "rare" instance of suicide occurs.

- UTHSC’s Mental Health Director told us that during the 2018 school year, the campus had no suicides or attempted suicides. In the 2017 academic year, however, three UTHSC students committed suicide after they withdrew their enrollment. UTHSC has been working to establish a more formalized tracking system for student suicide statistics.

The UT campuses are not alone in inadequately tracking suicide deaths among their students. According to a January 2018 report, the Associated Press (AP) asked the 100 largest U.S. public universities³⁷ for annual suicide statistics and found the following:

- Of the 100 schools, 46 currently track suicides, including 27 that have consistently done so since 2007. The AP declined to publish the provided data, though, because of concerns about inconsistency and reliability—the data provided ranged from 0.27 suicides per 100,000 students to 8 per 100,000 students.
- Of the 54 remaining schools, 43 said they do not track suicides, 9 could provide only limited data, and 2 did not respond to the AP’s inquiries.

The AP noted that the U.S. Department of Education asks colleges to collect data on student deaths but not suicides specifically, adding that a variety of factors can discourage schools from tracking this data: legal liability, privacy, school reputation, differences in tracking methods, and difficulty receiving notifications from medical examiners.

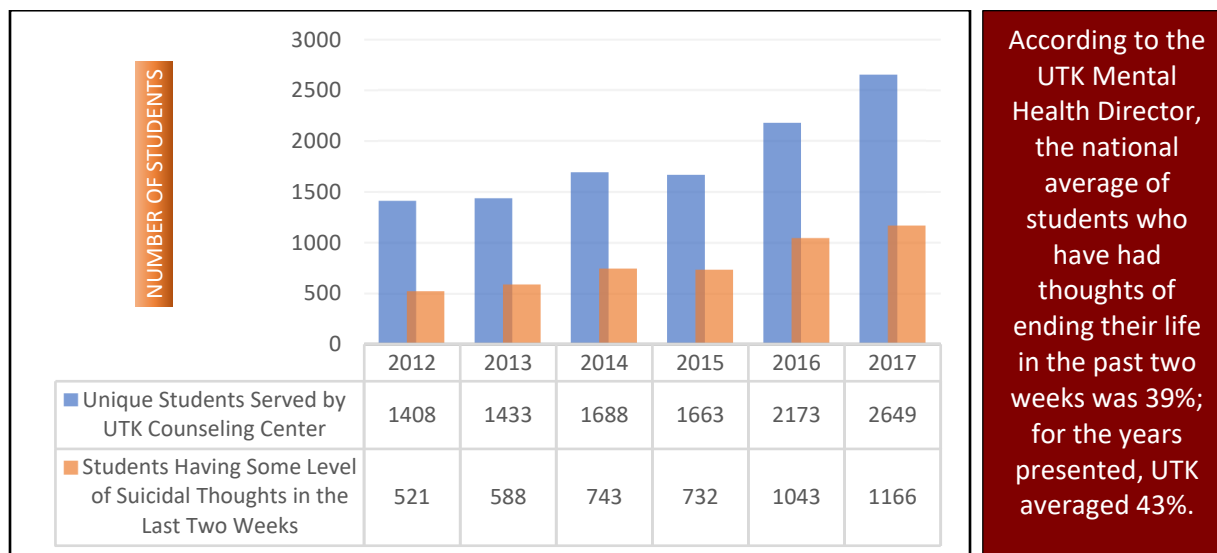
According to the AP, “Tabulating student suicides comes with its own set of challenges and problems. But without that data, prevention advocates say, schools have no way to measure their success and can overlook trends that could offer insight to help them save lives.”

For a glimpse of the importance of tracking suicides and identifying trends, see UTK’s data³⁸ on the number of students seeking counseling services who admit to having thoughts of suicide (see **Chart 2**).

³⁷ UTK was the only UT campus included among the 100 largest universities that the AP queried. The AP reported that UTK provided some sort of suicide statistics in response to their request.

³⁸ UTK was the only campus that provided us with this data.

Chart 2
Total Students* Served by the UTK Counseling Center and Students Served Who
Admitted to Having Some Level of Suicidal Thoughts in the Last Two Weeks^{†,39}
School Years 2012 to 2017



*Even if a student sought services at the UTK counseling center multiple times over the course of the year, he or she was only counted once for purposes of this chart.

†Since these statistics relate to the number of students seeking mental health services, they cannot be applied to the entire UTK student population.

Source: UTK Mental Health Director.

Lack of Collaboration

While performing testwork, we noted a concerning lack of collaboration between the student counseling centers at the four primary UT campuses.⁴⁰

Unaware of Other Campuses' Service Offerings

Based on our interviews, neither the UTC nor UTM Mental Health Director was aware of the online counseling service UTK offers its students. This poor communication inhibits counseling center personnel from relying on each other's expertise to solve problems and to advance services on their campuses. For example, UTM could use UTK's online counseling service to provide services to its underserved campus extensions and online students.

³⁹ Based on discussion with the UTK Mental Health Director, the "national" figure originates from the Center for Collegiate Mental Health (CCMH) sponsored by Pennsylvania State University, specifically CCMH's *2018 Annual Report* updated through the 2016–2017 school year for the "I have thoughts of ending my life (in the last two weeks)" measure. CCMH collects data from approximately 550 college counseling centers around the country who choose to participate in data collection. Participating counseling centers use a CCMH tool called College Counseling Assessment of Psychological Symptoms as part of their assessment to compare their data on the "thoughts of suicide" item with data from other schools and their overall average. For the suicidal thoughts measure, the college counseling centers reported on 264,186 separate students.

⁴⁰ We enumerate other issues with campus structure in **Finding 1**.

Website Quality Varied

We observed that the UTK, UTC, and UTHSC mental health websites were well-developed and provided detailed information about the services offered at each facility and the counselors, including their education, background, and specialties. Conversely, UTM's website provided limited information about the services available and no information about the counselors, not even their names. During an interview, the UTM Mental Health Director advised us that after our initial inquiries, she took time to research mental health services available at other campuses and realized that the other three campuses' websites were far more informative than UTM's website. As a result, the UTM Mental Health Director reported plans to update the website to include detailed information about services and counselors. We will review any website updates made during our next audit.

Since the campuses use their websites as a key communication tool, inadequate websites may impede students' ability to identify and access available service offerings.

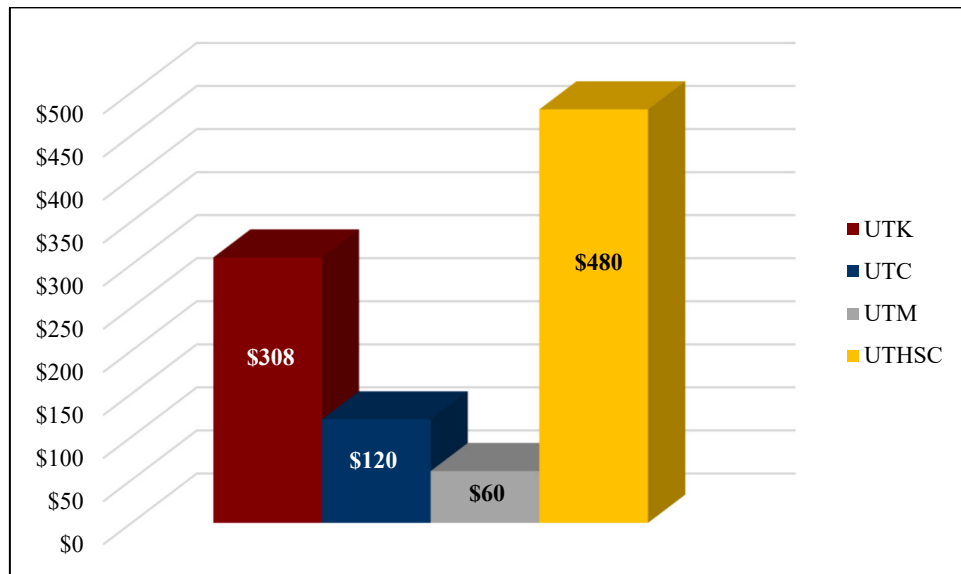
Different Computer Systems Used

The four primary UT campuses collectively use three different mental health computer systems. UTK and UTC operate on Titanium; UTM operates on Mediat; and UTHSC operates on Point and Click. The varied mental health computer systems may further inhibit the campuses' communication and collaboration.

Funding Differences

We also identified significant variances in funding per student allotted to each campus's mental health programs (see **Chart 3**).

Chart 3
Health Services and Counseling Fees by UT Campus*
2018–2019 School Year



*Both UTK and UTHSC have separate fees for health services and student counseling. For purposes of this chart, we combined these fees. UTK charges a \$202 “Health Services” fee and a \$106 “Student Counseling” fee, and UTHSC charges a \$200 “Health Services” fee and a \$280 “Counseling” fee. UTC charges a “Health Services” fee of \$120, whereas UTM charges a \$60 “Student Health & Counseling Fee.”

Source: http://tennessee.edu/wp-content/uploads/2018/06/FY2019_Orig_Bud_Doc.pdf.

Data Reliability

We had planned to analyze mental health counselor turnover as part of our audit. In the process of reviewing data provided by UT management, however, we found the overall employee data unreliable. The data we received contained duplicates. For example, whenever employees received a promotion during our audit period, they appeared in the data set under both their former and current titles. When focusing on mental health counselors specifically, we identified one mental health counselor at UTHSC with an incorrect job title and department assignment. According to the data set and Human Resources records, the employee worked in pediatric dentistry, but the employee was listed as a mental health counselor on UTHSC’s Student Academic Support Services and Inclusion website. We performed further research on the employee and found that the employee’s credentials and previous experience were all in mental health services and not dentistry. While incorrect job titling does not affect overall turnover analysis, it does prevent detailed analysis of information such as specific job types.

Recommendation

Overall, each issue identified in our review might have been identified earlier if the UT Board had exercised oversight of mental health services. Given the ramifications of unmet student needs, UT Board members should consider increasing their oversight of this area. The UT Board should consider either developing a new standing committee on mental health services or making

mental health services a prominent component of an existing standing committee. In conjunction with UT management, the UT Board should consider specific actions to monitor and improve mental health services, such as

- reassessing the number of counselors each campus employs, making necessary adjustments to comply with IACS standards and to reduce counselor caseload distribution and appointment wait times;
- eliminating existing mental health service gaps (for example, UTM could consider using UTK's online counseling model and UTHSC could consider partnering with Nashville-area locally governed institutions);
- encouraging UTK, UTC, UTM, and UTHSC to work collaboratively to foster continuous improvement, identify trends in mental health issues (such as suicide spikes), share advancements, serve as support to one another, and correct existing resource inequities;
- developing a system-wide process for collecting key mental health data, including tracking and reporting student suicides, and then modifying outreach efforts and service offerings based on that data;⁴¹
- developing system-wide counselor caseload and appointment wait time standards that would activate emergency protocols in the event that caseloads or wait times become excessive;
- taking steps to ensure the reliability of counselor turnover and other data; and
- considering whether pursuing IACS accreditation for UTC, UTM, and UTHSC would benefit the student population.

Management's Comment

Management concurs in part. As noted in response to Finding 2, the Board received an overview of student mental health services provided by each campus during the November 8, 2019 meeting of the Education, Research, and Service Committee. The following quote from the introduction to the review recognizes the critical importance of this subject:

Student mental health and well-being is one of the top student success concerns expressed among faculty and administrators across the UT System. UT campus leaders are committed to providing quality mental health resources for students, and are actively working to address existing gaps in services to ensure students can thrive during their time at UT and beyond graduation. Each campus is employing unique and innovative measures to comply with 2019 suicide prevention legislation; reduce the stigma around mental health concerns; identify and support

⁴¹ For example, according to the January 2, 2018, Associated Press article on <https://apnews.com/45f78abcfcec43e49f4c0fbc06b66a8b>, "After Clemson University started gathering more data in 2015, campus officials noticed an increased suicide rate among transfer students. The school is now redoubling efforts to connect those students with campus services."

students in distress; and connect students with resources. Furthermore, campus leaders are looking at ways to better support staff members who are at risk of “compassion fatigue.”

We acknowledge, however, that all of the subjects included in the performance audit report’s recommendations were not addressed in the November 8 review presented to the Board. Therefore, the Chair of the Board will direct Interim President Boyd to convene a system-wide working group on student mental health services. The working group will be led by the Vice President for Academic Affairs and Student Success and comprised of the Chief Student Affairs Officer and the head of counseling services for each campus. The working group will review the information and recommendations in the report, determine which recommendations can and should be implemented, and develop action steps and a timeline for implementation. The working group will submit a report of its work to the Education, Research, and Service Committee no later than June 26, 2020.

As a prelude to the working group’s in-depth review of the information and recommendations in Finding 11, the UT System is hosting its 2019 Academic and Student Affairs Summit on the topic “Building a Unified and Supportive Mental Health Culture.” Attendees will include chief academic officers, chief student affairs officers, deans, counselors, nurses, student government representatives, and representatives from the Tennessee Higher Education Commission, Oak Ridge National Laboratory, and Tennessee Department of Mental Health and Substance Abuse Services.

Matter for Legislative Consideration

In the absence of federal guidance, the General Assembly may wish to amend *Tennessee Code Annotated* to require that higher education institutions submit annual reports on key mental health statistics for their students, including data on the number of student suicides. In such reporting requirements, the General Assembly may wish to address the following data concerns:

- defining reporting parameters, such as including suicides for students living both off- and on-campus;
- requiring higher education institutions to certify that, to the best of their knowledge, the data submitted is accurate and complete; and
- to facilitate data collection, mandating that medical examiners notify the applicable higher education institution upon determining the cause of a student’s death.

STUDENT AND FACULTY ENGAGEMENT



UT Chattanooga Library

Source: <https://www.utc.edu/library/about/maps.php>

STUDENT AND FACULTY ENGAGEMENT

Central to the University of Tennessee System’s mission, which includes “providing undergraduate, graduate and professional education programs” and the “delivery of education, discovery, outreach, and public service,” are its student population and faculty members. In total, the UT System enrolls **approximately 50,000 undergraduate and graduate students statewide, and more than 11,000 students graduate** from UT campuses each year with bachelor’s, master’s, doctoral, and professional degrees.⁴² The UT System also has **approximately 4,200 faculty members**. Section 49-9-209(d)(1)(T) provides the University of Tennessee Board of Trustees (UT Board) with the authority to “take all actions necessary, proper, or convenient for the accomplishment of the university’s mission and the responsibilities of the board.” From a strategic perspective, the board also has an interest in increasing student enrollment and retention as well as attracting and retaining the best faculty.

Student Conduct and Experience

Each UT campus acknowledges the value of students and their experience. As part of their mission statements, each campus includes the importance of providing education and preparing students for the future. For example, UT Chattanooga lists its first value as “Students are the primary reason we exist as an institution.” The UT Board, as the governing body of the UT System, has many responsibilities that impact UT students and students’ college experiences.

Student Conduct

Section 49-9-2019(d)(1)(I), *Tennessee Code Annotated*, assigns the UT Board the responsibility for approving student conduct policies. UT Knoxville (UTK), Chattanooga (UTC), Martin (UTM), and the Health Science Center (UTHSC) have all adopted student conduct policies containing similar language that have been codified as part of the Tennessee Secretary of State’s rules and regulations. Chapter 1720-04-03 of the *Rules of the University of Tennessee (Knoxville)*, “Student Code of Conduct,” states the following:

(1) Students at the University of Tennessee are members of both the University community and the larger community of which the University is a part. Accordingly, students are responsible for conducting themselves in a lawful manner as well as in compliance with University rules and policies. In addition, the University has developed a set of aspirational goals titled, Principles of Civility and Community, which encourages all members of the University community to foster a learning environment where diversity is valued, respected, and celebrated.

(2) The University has established the Student Code of Conduct (“Code”) in order to advance the mission of the University and sustain a culture of excellence by: maintaining a safe learning environment; requiring students to conduct themselves in ways that allow for their personal growth and development as well as others, in

⁴² For further details, see our **Strategic Plans and Performance Measures** section.

the most positive manner possible; protecting the rights and privileges of all members of the University community; providing a basis for orderly conduct of the affairs of the University; promoting a positive relationship between the University and its surrounding community; preserving the University's reputation and property; encouraging students to engage in conduct that brings credit to themselves and the University; and ensuring that each student who matriculates at the University graduates ready to contribute to society as an ethical and law-abiding citizen.

(3) The University's behavioral standards are set forth in the Code's Standards of Conduct (Section .04). Students who engage in conduct that is inconsistent with the Standards of Conduct are subject to University disciplinary action. The process by which the University investigates and resolves alleged violations of the Standards of Conduct is called the student conduct process. The student conduct process resolves allegations of misconduct but also is an educational process designed to promote learning and development as it relates to appropriate decision making. The student conduct process is consistent, fair, and relates to appropriate decision making. The student conduct process is consistent, fair, and provides means of resolution that are commensurate with the skills and abilities of the participants in the process.

Rule 1720-04-03.01(5) delegates the authority and responsibility relating to the code to the Vice Chancellor for Student Life, who has in turn delegated certain authority and responsibility to the Office of Student Conduct and Community Standards (Student Conduct). Student Conduct works closely with functional areas involving Title IX,⁴³ mental health, and campus security. The Title IX and Student Conduct offices work together to determine the disciplinary actions imposed on students, and, at UTM and UTC, Student Conduct performs Title IX investigations into allegations made against students. If a student is having mental health issues such as anxiety and depression, Student Conduct may refer the student to counseling.⁴⁴ If a student repeatedly gets into trouble for unacceptable behavior, campus safety may refer him or her to Student Conduct to issue disciplinary actions.

Campus Surveys

Campus surveys are one common method to determine the level of student satisfaction. UT conducted the following student surveys in our audit period:

- Campus Climate Survey – To ensure Title IX compliance, a federal taskforce recommended that colleges and universities initiate a Campus Climate Survey, the purpose of which is to “gauge the prevalence of sexual assault on campus, test students’

⁴³ Title IX of the Education Amendments of 1972 states, “No person in the United States shall, on the basis of sex, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any education program or activity receiving Federal financial assistance.” For more information on Title IX, see the **Campus Security and Safety** section of our report.

⁴⁴ See our **Mental Health Services** report section.

attitudes and awareness about the issue, and provide schools with an invaluable tool for crafting solutions.”⁴⁵ The UT System contracted with an outside consulting company to conduct a Campus Climate Survey at each campus. The consulting company noted in the individual campus reports for UTK, UTC, UTM, and UTHSC, as well as in the system-wide report, that its survey “queried various campus constituent groups about their experiences and perceptions regarding the academic environment for students, sexual harassment and sexual violence, racial and ethnic identity, gender identity and gender expression, sexual identity, accessibility and disability services, and other topics.”

- Health and Wellness Survey – Annually from 2012 to 2017, UTK conducted this survey, which was distributed to a random sample of full-time undergraduate students and which included three broad questions on health, personal safety, and substance use/perceptions.
- National Survey of Student Engagement – UTC and UTM participated in this survey focusing on first-year students and seniors in 2017 and 2018, while UTK last participated in 2016. The survey covers topics such as quality of interactions with faculty and peers and level of course engagement.



Student Government Associations

UTK, UTC, UTM, and UTHSC all have a Student Government Association (SGA) that affords students an opportunity to address issues and concerns they have about campus life. SGA members may identify the correct administrator to address student concerns or draft a resolution to present to the campus Chancellor. During our interviews, SGA members expressed some concern regarding the removal of the voting student representative on the UT Board; however, in the current board membership, while the student member is non-voting for the full board, the student member does hold a voting position on the Education, Research, and Service Committee. Students also have a place on the smaller campus advisory boards.

Faculty Evaluation and Retention

Faculty not only provide instruction in the classroom, but they also offer mentorship, academic and professional advising, leadership for organizations, and important research and publications. In *The Principles of Accreditation: Foundations for Quality Enhancement*, the Southern Association of Colleges and Schools (SACS) states the following:

⁴⁵ We obtained the description of the Campus Climate Surveys from the following website address: <https://www.justice.gov/archives/ovw/page/file/905942/download>.

Qualified, effective faculty members are essential to carrying out the mission of the institution and ensuring the quality and integrity of its academic programs. The tradition of shared governance within American higher education recognizes the importance of both faculty and administrative involvement in the approval of educational programs. Because student learning is central to the institution's mission and educational degrees, the faculty is responsible for directing the learning enterprise, including overseeing and coordinating educational programs to ensure that each contains essential curricular components, has appropriate content and pedagogy, and maintains discipline currency.

Achievement of the institution's mission with respect to teaching, research, and service requires a critical mass of qualified full-time faculty to provide direction and oversight of the academic programs. Due to this significant role, it is imperative that an effective system of evaluation be in place for all faculty members that addresses the institution's obligations to foster intellectual freedom of faculty to teach, serve, research, and publish.

Section 49-9-209(d)(1)(H), *Tennessee Code Annotated*, grants the UT Board the "authority to adopt policies governing the granting and removal of tenure for faculty members." Tenure, as defined by the UT Knoxville *Manual for Faculty Evaluation*, "is a principle that entitles a faculty member to continuation of his or her annual appointment until relinquishment or forfeiture of tenure or until termination of tenure for adequate cause, financial exigency, or academic program discontinuance." Through the granting of tenure, campus administration provides faculty members a measure of financial stability and academic freedom.

Shared Governance

Both the Association of Governing Boards of Universities and Colleges and the American Association of University Professors explain the concept of shared governance, which is the relationship between the governing boards and faculty members. According to the Association of Governing Boards of Universities and Colleges, "Governing boards hold ultimate authority for an institution" while presidents provide "institutional leadership, strategic planning, and daily management"; however, "faculty are charged with educational design and delivery." The Association of Governing Boards of Universities and Colleges adds that "while board members have fiduciary responsibility for many of the business and financial decisions of the college, they should consider the views of the faculty before making important decisions." Additionally, the association states that the "most important aspect of shared governance is developing systems of open communication where faculty members, board members, and administrators work to align and implement strategic priorities."

The American Association of University Professors likewise advocates for shared governance, with an emphasis on "meaningful faculty participation." The association's 1966 *Statement on Government of Colleges and Universities*, jointly formulated with the American Council on Education and the Association of Governing Boards of Universities and Colleges, "calls for shared responsibility among the different components of institutional government and specifies areas of primary responsibility for governing boards, administrations, and faculties."

Faculty Representation Within the UT System

UTK, UTC, UTM, and UTHSC have all convened Faculty Senates to represent faculty members in the shared governance of the UT System. These senates advise the UT management on matters that affect the educational objectives of their respective campuses, as well as the general welfare of the faculty and students. These bodies provide recommendations on criteria for faculty and administration appointments; priorities of the campus budget and strategic plans; and changes in physical facilities. The Faculty Senate President of each campus serves on the University Faculty Council, who attend UT Board meetings and advise the UT President.

UT System's Post-Tenure Review Process

In line with the SACS requirements of conducting faculty evaluations, the UT System has developed a post-tenure review process for faculty. On March 23, 2018, the UT Board approved an amendment to existing procedures, thus creating a new enhanced post-tenure performance review process that will become effective in the fall 2019 semester.

Prior to this change, tenured professors faced two types of evaluations: the annual performance review and the cumulative performance review. The annual performance review consisted of the faculty member preparing a written summary of work in teaching, research/scholarship/creative activity, and service, including work accomplished during the evaluation period. The Department Head conducted a review of the submitted documents, on top of his or her own review of each faculty member. The faculty member could submit a written response to the Department Head's review. Next, the Department Head forwarded the review to the Dean, who signed and either concurred with or dissented from the Department Head and then forwarded all documentation to the Chief Academic Officer, who performed his or her review. A tenured faculty member whose performance was "unsatisfactory" in two out of five consecutive annual reviews or whose reviews in any three of five consecutive years indicated the need for improvement then underwent a cumulative performance review. This review could result in the development of an improvement plan for the faculty member or even termination.

In August 2016, the former UT President convened an 11-member task force charged with reviewing the post-tenure review process. The Faculty Senates of UTK, UTC, UTM, and UTHSC gained representation on the task force through the University Faculty Council, which made recommendations on the task force's constitution and monitored its progress. Approval of the post-tenure review changes rested with the UT Board, which added an enhanced post-tenure performance review. The new evaluation process ultimately



Source:

<https://www.knoxnews.com/story/news/education/2018/03/20/university-tennessee-faculty-staff-protest-ut-focus-act-tenure-proposal/438506002/>.

approved by the UT Board entails three types of post-tenure reviews:

- Annual Performance and Planning Review – This review determines merit-based pay or performance-based salary based on teaching; research; service; and, for the medical institute, clinical care. The evaluation process mirrors that of the previous annual performance review.
 - Faculty members found to have a “needs improvement” rating are not eligible for merit pay or a performance-based salary adjustment and may also become subject to an improvement plan.
 - Faculty members found to have an “unsatisfactory” rating are both ineligible for any salary adjustment and require an Enhanced Post-Tenure Performance Review.
- Periodic Post-Tenure Performance Review – The *UTK Procedures for Periodic Post-Tenure Performance Review* state, “The Board has also recognized its fiduciary responsibility to students, parents, and all citizens of Tennessee to ensure that faculty members effectively serve the needs of students and the University throughout their careers.” The procedures go on to explain, “In order to affirm the importance of tenure and carry out its fiduciary responsibilities, the Board revised [its Policy] BT0006 and established mandatory periodic comprehensive performance reviews for eligible tenured faculty.” This review encompasses a comprehensive performance evaluation for every tenured faculty member that occurs no less often than every six years. The review involves a Peer Review Committee internal to the campus and composed of tenured faculty members at the same or higher academic rank as the faculty member undergoing review; provides for the committee or the Dean to solicit external reviews when they deem necessary; and allows for the appropriate staggering of reviews to avoid excessive administrative burden.
- Enhanced Post-Tenure Performance Review – This review is an expanded and in-depth performance evaluation conducted by a committee of tenured peers charged with reviewing information relevant to the faculty member’s performance during the review period and to conclude whether or not that performance has satisfied the expectations for the faculty member’s discipline and academic rank. The Chief Academic Officer triggers the review upon determining that a faculty member has either requested one, received an overall annual performance rating of “unsatisfactory,” or received two overall annual performance ratings of “needs improvement” during any four consecutive annual performance review cycles.
 - If the peer review committee concludes that the faculty member’s performance has not met the expectations for the discipline and academic rank, the committee must also recommend either the development of an improvement plan or the termination of tenure for adequate cause.
 - Final review and action following any improvement plan consists of the peer review committee reconvening to review performance under the plan and determining whether or not the performance now satisfies expectations. The Chancellor may either accept the committee’s conclusion and

recommendations, provide a written explanation of different conclusions, or take further action as deemed appropriate.

- The UT System has another option for disciplinary sanctions other than termination for adequate cause. The system may see fit to suspend a faculty member without pay for a definite term of no longer than one year.

The post-tenure review changes were not implemented without controversy. More than 100 UT faculty and staff staged a protest in March 2018, alleging that the changes disregarded the existing evaluation processes, devalued tenure, stifled academic freedom, featured vague language, and increased the opportunity for political influence.

Audit Results

- 1. Audit Objective:** Did the UT Board approve policies governing student conduct as required by Section 49-9-209(d)(1)(I), *Tennessee Code Annotated*?

Conclusion: The current UT Board approved the revised UTC, UTM, and UTHSC student conduct policies on March 1, 2019. The former UT Board approved the revised UTK student conduct policy on March 29, 2017.

- 2. Audit Objective:** Did the UT Board ensure that the UT System formally gauged student satisfaction—including transfer students and non-traditional students—with various aspects of campus life, such as dorm comfort, parking availability, food quality, and Internet service?

Conclusion: During our audit period, the UT Board had not requested, and the UT System had not performed, a student satisfaction survey about basic elements of campus life; as one potential consequence, some top student concerns remain unaddressed. See **Observation 6**.

- 3. Audit Objective:** Did the UT Board ensure each campus tracked and, where possible, addressed possible student issues raised by the Student Government Association (SGA)?

Conclusion: We confirmed via interviews with SGA representatives that SGA has channels available to communicate concerns of the student body and that the UT System has taken action to address some of these concerns. We also observed an SGA President address the UT Board at the March 1, 2019, meeting, which highlights another avenue for communicating student concerns.

- 4. Audit Objective:** Did the UT Board monitor and address faculty evaluation and retention in the following areas?

Conclusion: Refer to the details as described in the following objectives.

- a. **Audit Objective:** Did the UT Board routinely seek input from the faculty, as recommended by the Association of Governing Boards of Universities and Colleges and the American Association of University Professors?

Conclusion: The board receives faculty input via the Faculty Senate and the University Faculty Council. The Faculty Senate President and an elected representative from each campus meet with the UT System President and the Vice President for Academic Affairs and Student Success to discuss faculty concerns. University Faculty Council members attend all UT Board meetings and meet regularly with the President and members of his staff. We determined, however, that the board could improve its understanding of faculty satisfaction and turnover. See **Observation 6**.

- b. **Audit Objective:** Did the UT Board adopt policies governing granting and removing tenure for faculty members in accordance with Section 49-9-209(d)(1)(H), *Tennessee Code Annotated*?

Conclusion: The board adopted tenure policies.

- c. **Audit Objective:** Were the UT System's new post-tenure evaluation procedures comparable to peer universities?

Conclusion: Our analysis revealed that the UT System's new enhanced post-tenure performance review was comparable to its self-selected peers. Eight of the 10 peer institutions we researched (80%) had post-tenure reviews either based on a timeframe of 4 to 6 years or based upon unsatisfactory performance reviews. Since the UT System will not fully implement the new post-tenure review procedures until fall 2019, we will evaluate this area in more detail in a future audit.

- d. **Audit Objective:** Did the UT System employ measures to gauge faculty satisfaction and address identified concerns?

Conclusion: In response to this question, UT management discussed employee engagement surveys, notifying us that the UT Board had not requested a system-wide survey since 2014. Each campus independently conducted some type of survey; however, since these surveys targeted different aspects of faculty satisfaction, the results from each campus cannot be compared or combined to identify system-level issues, policy or procedural issues, or personnel issues in departments. Additionally, the individual campuses did not transmit their survey results to the UT Board. See **Observation 6**.

- e. **Audit Objective:** Did the UT System analyze faculty turnover and communicate its results to the UT Board? Was faculty turnover at each campus in line with industry standards, and did the turnover rate indicate problems with the system's operations and the ability to meet its mission?

Conclusion: While system-level staff provided the UT Board with a faculty turnover analysis for the 2017–2018 academic year, we found multiple problems with this analysis that prevented us from verifying the turnover numbers presented to the board. Furthermore, a thorough analysis of turnover at the campus level, particularly exit interview comments, could provide a better understanding of the causes of turnover and allow management and the UT Board to address those causes. See **Observation 6**.

Methodology to Achieve Objectives

To achieve our objectives, we interviewed Student Government Association representatives at each campus except UTHSC.⁴⁶ We also reviewed the results of all campus surveys conducted from July 1, 2017, through June 10, 2019 (none of which encompassed student satisfaction); UT Board meeting minutes from June 11, 2018, to June 21, 2019; and requirements for surveying found in “Not Alone: The First Report of the White House Task Force to Protect Students From Sexual Assault.” We reviewed board minutes and policies; researched shared governance and post-tenure policies at the peer universities listed on UTK's website; conducted interviews with each campus' Faculty Senate President and the Institutional Research Director to gather information on faculty satisfaction; and examined exit interview results and available turnover data.

Observation 6 – The UT Board has not yet ensured that the UT System assessed the campus communities' overall satisfaction

As the oversight body for the UT System, the UT Board possesses responsibility for gaining an awareness of the campus community's concerns and ensuring management addresses the concerns of the campus community, including both students and faculty. Principle 14 of the U.S. Government Accountability Office's *Standards for Internal Control in the Federal Government* (Green Book) establishes standards for internal communication. Specifically, Paragraph 14.05 of the Green Book states,

The oversight body receives quality information that flows up the reporting lines from management and personnel. Information relating to internal control communicated to the oversight body includes significant matters about adherence to, changes in, or issues arising from the internal control system. This upward communication is necessary for the effective oversight of internal control.

⁴⁶ The UTHSC Director of Student Life and Health Career Programs failed to connect us with a Student Government Association representative until after the semester ended, resulting in unsuccessful attempts to contact this student.

Due to the structure of the UT System, the UT Board’s reporting lines include students and faculty, and a key risk for each campus is dissatisfaction within the campus community. In Principle 2, “Exercise Oversight Responsibility,” the Green Book emphasizes that oversight bodies must ensure that management designs and implements control activities to mitigate identified risks. The Association of Governing Boards (AGB) also emphasizes in its *AGB Board of Directors’ Statement on Shared Governance*,

A lack of cultural awareness between boards and faculty can complicate and delay decision making . . . A culture of meaningful engagement among board members, administration, and faculty can elevate the outcome – as well as the experience – of shared governance . . . Boards and faculty can also help one another understand issues confronting higher education and how those issues could affect the institution’s strategic direction.⁴⁷

During our fieldwork, we determined that the board had not yet taken sufficient steps to either assess student satisfaction with fundamental features of college life or to guide management to respond to known issues. While UTK, UTC, UTM, and UTHSC conducted various student surveys of freshmen and seniors during our audit period, the UT Board has not led management to cover topics such as dorm comfort, parking availability, food quality, and Internet service. Likewise, the UT Board, in conjunction with system management, must maintain a strong process to monitor and evaluate faculty satisfaction and to address concerns.

Student Satisfaction

The UT System mandates that all incoming freshmen not living with their legal guardian should live on campus. Further, students residing on campus must purchase a meal plan allowing them to eat at campus dining facilities. Students must likewise register their vehicles to legally park on campus. By not ensuring that management conducts student satisfaction surveys or employs other means to solicit comprehensive feedback, the UT Board has limited its ability to know which areas of campus life students find problematic.

One example of campus conditions not being addressed were the multiple news reports of mold being found in student residence halls at UTK and UTC over our two-year audit period, including instances when students had to be removed from their rooms.

Faculty Satisfaction

Through discussion with UT management, we determined that the campus had used surveys to monitor faculty satisfaction in the past. The prior UT Board, however, last requested a system-wide employee engagement survey in 2014 and, before that, in 2011. Although each campus conducted either The Workplace Survey, Collaboration on Academic Careers in Higher Education, or Faculty Evaluation of Administrators, none of these survey results were shared with the UT Board.⁴⁸ Furthermore, since each survey targeted different aspects of faculty satisfaction,

⁴⁷ Source: https://agb.org/wp-content/uploads/2019/01/2017_statement_sharedgovernance.pdf.

⁴⁸ The UTK Faculty Senate conducted a faculty satisfaction survey in 2019, but the results of that survey were not available during our audit fieldwork.

the results cannot be compared or combined to identify system-level issues, policy or procedural issues, or personnel problems.

While individual campuses did not monitor turnover rates, staff at the system level provided the UT Board with an analysis of turnover for the 2017–2018 school year. We determined the turnover ratios given to the UT Board only included voluntarily separated employees, which does not present an accurate representation of faculty status. Another area of concern involves the reliability and consistency⁴⁹ of the faculty turnover rates produced for the UT Board. According to our analysis, UT’s raw data listed the same faculty names associated with multiple titles, as well as improper employee classifications. Therefore, we were unable to assess the accuracy of system-level staff’s data on voluntary separation rates or calculate our own, more comprehensive turnover rates.

When faculty and other staff separate from the UT System, they have the opportunity to complete an exit interview through Survey Monkey and to disclose the root causes behind their departure. Based on our inquiries with the UT Board and UT management, neither the campuses nor system-level staff provided these detailed exit interview results to the UT Board.

Current UT Board Discussions About Student and Faculty Satisfaction

We asked the UT Board Chair about the methods the current UT Board has used to gauge the satisfaction of the campus community. The Board Chair referenced listening tours the current UT Board held across the state to gather information from students, faculty members, private donors, state legislators, and the general public, among other UT System stakeholders. As he described to us, and as reported at the August 1, 2018, and September 25, 2018, full board meetings, the main takeaway from the listening tours was stakeholders’ need for increased transparency from and access to the UT Board.

Additionally, in his discussion with us, the UT Board Chair highlighted the role of the student board member, a survey reminding the board of the system’s diversity, and oversight of student-developed programming. He also noted faculty retention and evaluation, including faculty annual performance evaluations through existing campus processes. He also referenced the new post-tenure review process that will become effective for the 2019–2020 school year. According to the Chair, the UT Board will read the resulting faculty reviews, and tenure recommendations will be included in materials for each member to examine prior to board meetings. None of the methods the Chair mentioned, though, involved the faculty communicating their own satisfaction or their perception of the UT Board’s or UT management’s effectiveness and efficiency; instead, other parties are evaluating the faculty members.

On June 21, 2019, management presented, and the UT Board approved, the University of Tennessee Strategic Plan 2019–2025, which calls for ensuring workplace and administrative excellence by coordinating a system-wide process for surveying faculty, staff, and students.

⁴⁹ **Observation 3** references this and other problems we found with data reliability and accessibility.

FACILITIES



UT Chattanooga West Campus Housing

Source: <https://www.utc.edu/housing/westcampusconstruction.php>

FACILITIES

At its four major campuses and its other institutions, the University of Tennessee System maintains facilities for faculty, students, and administrative staff. The University of Tennessee Board of Trustees (UT Board) delegates direct authority over these facilities to the UT President and Chancellors. A centralized Office of Capital Projects and its Division of Facilities Planning assist facility directors at each campus in procuring and administering projects with costs greater than \$100,000.

Board Oversight and Responsibilities

Section 49-9-209, *Tennessee Code Annotated*, provides the UT Board with general authority over the operation of the UT System. Among the other powers listed, the UT Board has “the authority to name buildings owned by the university or its institutions.” Additionally, the UT Board has the authority to purchase, maintain, and dispose of real property and other assets as it deems “advantageous for the use of the university”; however, “none of the real property belonging to the university shall be sold or otherwise disposed of except at a meeting of the board of trustees.”

In its oversight responsibilities, the UT Board relies on the assistance of its **Finance and Administration Committee**. Pursuant to Section 49-9-206(b)(1)(B), *Tennessee Code Annotated*, the UT Board must establish a Finance and Administration Committee that is responsible for the oversight of “finance and administration related matters.” As dictated by the UT Board in its Finance and Administration Committee Charter, the Finance and Administration Committee assists the UT Board in overseeing UT’s finances, operations, and facilities. Among its facilities-related duties, the committee must provide recommendations on matters related to UT capital projects; a facilities master plan for each campus; and policies relating to UT’s finances, operations, and facilities.

Capital Projects

Capital projects include the construction, demolition, or significant improvement of facilities, such as the construction of a new building or the major renovation of an existing building. Two external agencies, the State Building Commission and the Tennessee Higher Education Commission, may review UT’s capital projects.

Tennessee State Building Commission

The Tennessee **State Building Commission (SBC)** is statutorily tasked to ensure that actions and decisions affecting real property in which the state has an interest are made in the best interest of the state. This role includes promoting quality in design and construction; sound fiscal management; fair competition for work; and proactive planning and decision making. The SBC must approve university buildings since they are considered state buildings. Within the SBC, there is an Executive Sub-Committee, which consists of the three constitutional officers (including the Comptroller of the Treasury) and the Commissioner of

Review of Capital Projects

The State Building Commission reviews state capital projects, including state university capital projects with total costs in excess of \$100,000, regardless of the project’s source of funds.

The Tennessee Higher Education Commission reviews capital projects that receive funding through the state’s higher education capital program.

Finance and Administration. The Executive Sub-Committee is authorized to act for the full SBC in any matter that the SBC has delegated to it. If a project's total costs exceed \$100,000, it must be approved by the SBC.

There are five general stages when the project must be brought before the SBC for review and approval, with some stages delegated to the Office of the State Architect for review and approval. The five stages are

1. initial approval of the project budget, scope, land, source(s) of funding, proceeding with the process to select a designer, and delivery method if other than design/bid/build;
2. designer selection by Executive Sub-Committee;
3. approval of early design phase;
4. approval of preliminary and final bidding documents, including but not limited to plans, outline specifications, bidding requirements, contract forms, conditions, specifications, and drawings; and
5. approval of award of construction contract.

The Tennessee Higher Education Commission

The Tennessee Higher Education Commission (THEC) uses its **higher education capital program** to review proposals and determine which higher education capital project requests will be funded from state appropriations. The goal of this program is to develop and maintain physical facilities so that each institution can fulfill its mission. To provide a fair and equitable system to review requests and determine which requests will receive state appropriations, THEC receives proposals for capital projects from Tennessee's universities each year and evaluates and scores each proposal based on pre-defined criteria. Each criterion has maximum possible points that can be earned, with a total maximum of 100 points. The criteria and maximum possible points are exhibited in **Table 12**.

Table 12
THEC Capital Outlay Scoring Criteria for Universities, Community Colleges, and
Nonformula Units*
Effective for Projects Occurring from July 1, 2020, to June 30, 2021

THEC Capital Outlay Scoring Criteria	Points
Link to state goals and the Drive to 55 Initiative	22
Enhancement of the campus mission and fit with the institution's strategic plan	18
Project description and impact on the campus	28
Institutional facility needs and condition	24
Matching funds from the institution	8
Total Possible Points:	100

*Nonformula units are institutions not included in the THEC outcomes-based funding formula, such as the UT Health Science Center.

Source: THEC's "Instructions for Preparation of FY 2020-21 Capital Outlay, Maintenance, and Disclosure Funding Requests."

As outlined in the criteria, THEC requires universities to contribute matching funds for each capital project's funding. THEC's instructions for submitting capital project proposals state that

Projects submitted by all Universities and Community Colleges must meet a minimum match requirement to be evaluated. The minimum match requirement differs by institution and project type, as detailed below . . . the External Funding score will be based upon a ratio of the project's minimum match requirement to the project's maximum scorable match, meaning that a project with only the minimum match will receive zero points, but, as a project's match approaches the maximum scorable match level, points will accumulate proportionately up to the Maximum Score. . . . Matching funds may include gifts, grants, institutional funds, student fees, and other non-state sources.

We exhibit the match requirements for capital projects in **Table 13**.

Table 13
THEC Match Requirement of Capital Project Funding Beginning Fiscal Year 2021*
Effective for Projects Occurring from July 1, 2020, to June 30, 2021⁵⁰

Project Type	Community Colleges and Nonformula Units		Universities: Moderate Research† (UTM, UTC)		Universities: Higher Research‡ (UTK)	
	Min.	Max.	Min.	Max.	Min.	Max.
Major Renovation – no gift minimum	0%	5%	2%	10%	4%	15%
New Construction (includes gift minimum as noted below)	2%	10%	5%	15%	10%	25%
New Construction Gift Minimum	30% of 2%	30% of 10%	40% of 5%	40% of 15%	50% of 10%	50% of 25%

*There is no match requirement for Tennessee colleges of applied technology.

†Includes universities classified as “Doctoral: Moderate Research” (East Tennessee State University, Middle Tennessee State University, Tennessee State University, and Tennessee Technological University) or “Master's: Larger or Medium” (Austin Peay State University, UT Chattanooga, and UT Martin) by the Carnegie basic classification system.

‡Includes universities classified as “Doctoral: Higher Research” or “Doctoral: Highest Research” by the Carnegie basic classification system. The two public Tennessee universities identified as such are University of Memphis and UT Knoxville.

Source: THEC's “Instructions for Preparation of FY 2020-21 Capital Outlay, Maintenance, and Disclosure Funding Requests.”

The “Universities: Moderate Research” category includes UTM and UTC, while the “Universities: Higher Research” category includes UTK. As noted in **Table 13**, if UTK wished to construct a new facility, it would be required to contribute 10% to 25% of the facility's total cost, with 50% of UTK's contribution coming from private gifts or donations (5% to 12.5% of the facility's total cost).

⁵⁰ Requirements for the 2020-2021 fiscal year budget cycle were to be submitted to THEC by July 1, 2019.

Neyland Stadium Renovations

Neyland Stadium is UTK's football stadium and home to the Volunteers football team. The Neyland Stadium south renovation is a phased capital project to renovate the south ground and concourse levels, relocate the visitors' locker room, address life safety issues in the seating areas, correct safety regulations at the field level, and demolish the south concourse area.

Neyland Stadium



Source: <https://utsports.com/facilities/?id=8>.

The UT Board approved Phase I of the original project, with an estimated cost of \$106 million, on October 14, 2016, with a targeted completion date of August 2019. A year later, on November 3, 2017, the UT Board approved expanding the project's scope and increasing the estimated cost to \$180 million, which moved the targeted completion date to August 2020. The State Building Commission approved the original \$106 million project on August 10, 2017, and approved the revised project budget of \$180 million on December 14, 2017. The UT System will fund the renovation project through gifts and donations; the UTK athletics program auxiliary fund; and issuing debt in the form of 10- and 20-year bonds. The project will not be funded through tuition or state appropriations.

In November 2018, prior to the beginning of any construction, the UTK athletic director announced that the campus had placed Phase I of the renovation project on hold. The director cited a number of issues, including the complexity of the renovation and potential revisions to the

plan to improve fan experiences. On June 19, 2019, the UTK athletic director announced that construction may begin in December 2019 or January 2020.

UT administration estimates that Phase II, which will have its own scope, funding model, and timeline, will increase the total cost of the project to \$340 million. Campus administration had estimated an August 2021 targeted completion date for Phase II; however, the administration has not presented this phase to the UT Board.

Facility Maintenance

Maintenance of the UT System involves the general upkeep and support of physical facilities, including monitoring, repairing, and replacing equipment necessary for general operations. **Preventive maintenance**, which is regularly performed on a facility or a piece of equipment while it is still functioning to lessen the likelihood of it failing, includes routinely inspecting and monitoring facilities and equipment to ensure that they are safe and in working condition. UT campuses design and implement preventive maintenance schedules to ensure that such maintenance is performed timely and that it takes into account the manufacturer's recommendations, the building's function, and the amount of traffic the building receives.

In October 2018, UTK relocated over 500 students from one residence hall due to the detection of mold. The media has covered mold outbreaks at other universities, including the University of Maryland at College Park and Indiana University Bloomington. At UTK, facilities staff do not test for mold during regular facilities inspections but do perform tests on suspected mold growth when staff want confirmation and possible type identification.

Deferred maintenance within the UT System involves postponing maintenance activities in order to save costs, meet budget constraints, or realign available funds. Areas of need, such as mission-critical or highly public areas, receive a higher priority for maintenance, whereas staff and management may defer nonessential or low-risk maintenance areas to a later period when either more funds are available or the maintenance becomes more necessary. Facility directors must make critical budgeting decisions to mitigate the risk of asset deterioration from lack of maintenance.

Capital Maintenance Projects

Capital maintenance projects are rehabilitation projects that keep a facility or an asset in efficient operating condition or projects needed to restore a facility to an acceptable condition. Capital maintenance projects are non-recurring, beyond the scope of ordinary repairs, and do not appreciably prolong service life or increase the value of an asset. THEC's Higher Education Capital Maintenance program provides financial support for capital maintenance projects at the UT System, Tennessee Board of Regents, and all locally governed institutions. THEC provides instructions for requesting capital maintenance funding and determines how the funds are distributed to these schools.

Capital maintenance projects are included in each school's higher education capital project request to THEC. Per THEC guidance, ordinary repair and maintenance projects, and other projects below \$100,000, are not funded through the Higher Education Capital Maintenance program.

Each year, the UT System, along with Tennessee Board of Regents and locally governed institutions, receives a prorated share of THEC's Higher Education Capital Maintenance program funds. The amount of funds the system receives is based on a formula that incorporates an estimated annual renewal cost for each campus, which is based on the aggregated age, size, and type (e.g., fine arts versus engineering) of the campus' buildings. For fiscal year 2019, the UT System received \$47,480,000 for capital maintenance projects.

To determine which capital maintenance projects are funded from the UT System's share of Higher Education Capital Maintenance program funds, each UT campus and institute compiles a list of the maintenance that it would like funded in the next fiscal year and submits its list to the UT System's Capital Projects Office. Campus staff rate their potential projects based on an industry-accepted assessment score, which incorporates the age and condition of the building, as well as the priority or urgency of the project. Once the Capital Projects Office receives a list from each campus, the office's staff may reduce the number of items on the compiled list to stay within the amount THEC has allocated to the UT System. The office then submits the compiled list to THEC for approval. Any deviations from the THEC-approved list, such as for emergency repairs, must be disclosed to THEC and still comply with appropriate State Building Commission, Department of Finance and Administration, and other applicable policies and procedures.

Facility Maintenance Outsourcing

In November 2014, then Governor Bill Haslam officially initiated a project to improve the efficiency of the state's management of real estate. This initiative culminated in the May 2017 contract for facilities outsourcing for state office buildings. In an August 18, 2015, letter, the former UT President announced that the UT System had been "invited to participate in a process to identify possible opportunities to reduce costs for the operation of all state facilities including higher education." During the procurement process for the statewide facilities services contract, as well as subsequent to the awarding of the contract, there was significant public pushback against outsourcing services at UT campuses, including from community groups, employees, and Tennessee legislators.

In October 2017, each campus received an individualized facilities maintenance cost proposal by the external services provider. The cost proposals detailed how and when campus employees would transition from university employees to employees of the external agency; cost breakdowns and savings; and case studies of other organizations' services. The cost proposals estimated the following cost savings for each UT campus:

- Knoxville: \$5,264,560;
- Chattanooga: (\$263,217);
- Martin: \$93,666; and
- Health Science Center: \$1,759,721.

The UT Board directed the Chancellor at each campus to review the cost savings proposals and determine whether the campus would elect to outsource facilities maintenance.

Outsourcing Decisions

On October 31, 2017, all four UT campuses announced that they had chosen not to outsource facilities maintenance services. On November 3, 2017, the Chancellor and Chief Business Officer of each campus presented to the UT Board their outsourcing decision, as well as the justification for their decision. Based on our review of UT Board meeting minutes, UT Board members voiced their disappointment in the justifications to opt out of outsourcing.

Table 14
Outsourcing Decisions by Campus
October 2017

Campus	Decision Rationale
UTK	The campus based its decision on analyses of the financial considerations, the complexity of work done on the campus, and the commitment to the East Tennessee economy and workforce.
UTC	The campus outsourcing cost proposal indicated a higher cost of services.
UTM	Upon the campus' review, the potential cost savings of outsourcing would not be significant (less than \$14,000 annually).
UTHSC	\$1.2 million of the estimated \$1.7 million outsourcing cost-savings estimates were based on projected procurement cost savings and the campus' overall satisfaction with currently outsourced comprehensive landscape services.

Source: October 31, 2017, campus statements and media reports on the outsourcing decision.

During interviews with staff from the Knoxville and Health Science Center campuses, staff from both campuses stated that they disagreed with the amount estimated for cost savings, arguing that the savings would be much lower if there were even any savings. Administrators at UTK stated that there were a number of caveats in the campus' cost proposal and determined that there was not really a cost savings. The caveats that they noted included maintenance procedures that were not covered by the contract and would cost the campus an additional fee if the procedure were needed. Similarly, an administrator at UTHSC stated that once these caveats were taken into consideration, there would not really be a cost savings. Additionally, he stated that he did not believe that its campus cost proposal's figures were realistic. For UTC, the cost proposal it received indicated that outsourcing would cost the campus more money than if the campus kept services in-house. For UTM, the campus cost proposal indicated that for the physical plant there would be no cost savings for the campus, and that there would be a small amount of savings by outsourcing facilities maintenance.

Other State Universities' Outsourcing Decisions

Based on our review of procurement documents in Edison (the state's accounting system), the only state higher education institutions that used the statewide outsourcing contract were Austin Peay State University, for janitorial management services; and Cleveland State Community College, for facilities services, janitorial, and groundskeeping services.

Facilities Maintenance Costs

After the campuses presented their outsourcing decisions at the November 2017 UT Board meeting, the former UT President and several UT Board members requested that UTK and UTHSC achieve the cost savings that there would have been had they outsourced facilities maintenance. These two campuses were required to report back to the UT Board on how or if they were able to achieve the savings at the June 2018 UT Board meeting. UTK was asked to find savings of \$3,831,260, and UTHSC was asked to find savings of \$1,588,249. Based on reports submitted to the UT Board, both the UTK and UTHSC campuses were able to achieve the cost savings that the UT Board had requested, with UTHSC achieving some of its savings from projected fiscal year 2019.

Audit Results

- 1. Audit Objective:** When facing system-wide, high-impact decisions, such as the 2017 facilities maintenance outsourcing decision, did the UT Board ensure UT System management provided consistent, complete, accurate, and transparent data to allow critical deliberations and justifiable decisions?

Conclusion: Based on our review of UT Board minutes and other documentation of the 2017 facilities maintenance outsourcing decision, UT campuses presented legitimate concerns while communicating to the UT Board their decisions to not outsource facilities maintenance; however, each campus approached its review of the outsourcing proposal differently, selecting different aspects and elements of the outsourcing proposal to include in its review. When presented with similar decisions, the new UT Board should ensure that campus management provide consistent, complete, accurate, and transparent data to facilitate board and management deliberations and decisions. See **Observation 8**.

- 2. Audit Objective:** Did the UT System's facility maintenance costs increase, decrease, or remain the same between fiscal years 2017 and 2018?

Conclusion: Except for UTHSC, no campus had a change of more than 5% in facility maintenance costs from fiscal year 2017 to 2018. UTHSC had a 21% (\$3,060,973) increase in costs; however, many of the drivers of the cost increase were one-time costs, such as costs related to weather-related damage.

- 3. Audit Objective:** Had the UT System developed and followed preventive maintenance schedules for

- administrative and academic buildings;
- student residences; and
- athletic facilities?

Conclusion: UTK and UTC developed and followed preventive maintenance schedules, with instances of minor delays noted in completing tasks. However, for most

preventive maintenance, UTHSC did not document or monitor whether preventive maintenance tasks had been completed. Additionally, while UTM documented when preventive maintenance was completed, UTM staff did not document how often the preventive maintenance should be completed.

- 4. Audit Objective:** What percentage of UT's capital maintenance projects receive funding through the capital maintenance project program?

Conclusion: In the 2018–2019 fiscal year, \$47,480,000 of the UT System's \$98,030,000 capital maintenance request was funded by the capital maintenance project program, leaving 51.6% (\$50,550,000) to be deferred or to be funded through other campus funds.

- 5. Audit Objective:** Had the UT System complied with established timelines in renovating Neyland Stadium, and had it complied with state statute and policies regarding vendor procurement?

Conclusion: The renovations are currently on hold while UTK Athletics reevaluates the design and scope of the project; thus, we will conclude on this objective in future audit work.

Additionally, UT management could not provide us a complete contract list of the vendors used for the renovation, and there was inaccurate information in the contract information. These issues were included in **Observation 3**.

- 6. Audit Objective:** Did the UT Board establish and implement a protocol for naming campus and institute buildings in compliance with Section 49-9-209(d)(1)(S), *Tennessee Code Annotated*?

Conclusion: The UT Board established and implemented a policy with guidelines for naming campus and institute buildings.

- 7. Audit Objective:** Did the UT Board establish and implement a process for approving the disposition of real property in keeping with Section 49-9-209(b)(2), *Tennessee Code Annotated*?

Conclusion: Prior to the passage of the UT FOCUS Act in 2018, the disposal of any real property that had been held and used by the UT System was approved by the UT Board. However, approval of the sale of gift property, which had been accepted for the sole purpose of being sold to obtain proceeds to be used for mission purposes, was the President's responsibility as long as the sale was at or above the appraised value. The sale of all property, including gift property, was reported to the UT Board annually.

Subsequent to the passage of the UT FOCUS Act in 2018, the UT System believed it necessary to seek UT Board approval for the disposal of all real

property, including the acceptance and disposal of gift property, and continues to annually report the sale of all property to the UT Board.

- 8. Audit Objective:** What requirements did the Tennessee Higher Education Commission's (THEC's) policy impose on the UT Board to require the UT System to provide the same matching percentage for all types of capital projects?

Conclusion: THEC required a percentage of matching funds from the UT System, half of which must come from private donations. See **Observation 7**.

Methodology to Achieve Objectives

To obtain an understanding of the UT System's capital projects programs and facility maintenance services, we reviewed UT System and campuses' policies and procedures and interviewed key personnel.

Outsourcing. To gain an understanding of the UT Board's process to obtain consistent, complete, accurate, and transparent data from system management to facilitate the best deliberations and decisions, we reviewed UT Board and committee meeting minutes where the UT Board and management discussed the outsourcing decision. To determine if the campuses used reliable financial data and considered and communicated qualitative factors when making their outsourcing decisions, we reviewed documentation from each campus and interviewed UTK's Associate Vice Chancellor of Facilities Services; UTC's Assistant Vice Chancellor for Operations; UTM's Director of Physical Plant; and UTHSC's Executive Vice Chancellor and Chief Operations Officer. We reviewed documentation from the procurement process for the facilities maintenance outsourcing contract; each campus' outsourcing proposal from the vendor; numerous media articles and press releases from the UT System; the November 2015 and October 2017 UTK Faculty Senate resolutions and the UTK Faculty Senate November 2017 letter; each campus' outsourcing decision statement; each campus' presentation on the justification for its outsourcing; and the November 3, 2017, UT Board meeting minutes. We also performed testwork to determine if the financial information presented to the UT Board for each campus' outsourcing decision was based on supporting documentation.

Facilities Maintenance Costs. To determine if each campus' facilities costs increased, decreased, or remained the same between fiscal years 2017 and 2018, we obtained the budget-to-actual reports for each campus for 2017 and 2018. We analyzed the reports to determine the change between the two years.

Preventive Maintenance Schedules. To determine if each campus implemented and followed preventive maintenance schedules, we interviewed UTK's Associate Vice Chancellor of Facilities Services; UTC's Assistant Vice Chancellor for Operations; UTM's Director of Physical Plant; and UTHSC's Executive Vice Chancellor and Chief Operations Officer. We obtained the preventive maintenance schedules from July 1, 2018, through April 10, 2019, for the UTK and UTM campuses. We chose a random, nonstatistical sample of 40 preventive maintenance tasks for the UTK and UTC campuses and performed testwork to determine if the task had been completed within the necessary time period.

Capital Maintenance Projects Funding. To determine if the UT System’s deferred maintenance had been fully funded, we interviewed the UT System’s Interim Executive Director of Capital Projects and Budget Director. We reviewed the UT System’s fiscal years 2017–2018 and 2018–2019 campus priorities for capital maintenance and the Schedule D reports for fiscal years 2017–2018 and 2018–2019 for each campus and institute.

Neyland Stadium Progress. To determine if the UT System complied with established timelines and state statutes and policies for the Neyland Stadium south renovations, we interviewed the UT System’s Interim Executive Director of Capital Projects. We also reviewed a list of UTK’s current capital projects through April 3, 2019; the minutes for the November 2, 2017, UT Athletics Committee and June 14, 2018, State Building Commission meetings; news articles published online; and contracts for the Neyland Stadium south renovation.

Naming Protocol. To determine if the UT Board had implemented a policy for naming campus and institute buildings, we interviewed the UT System’s Interim Executive Director of Capital Projects and Director of Real Property and reviewed UT Policy BT0008, “Policy on the Naming of Facilities and Other Assets of the University of Tennessee.” We reviewed UT Board meeting minutes from July 2017 through June 2019 to determine that the UT Board followed its policy for naming three buildings on November 3, 2017, and one building on March 23, 2018.

Disposition of Real Property. To determine if the UT Board had implemented a policy for approving the disposition of real property, we interviewed the UT System’s Interim Executive Director of Capital Projects and Director of Real Property; reviewed UT Policy FI0620, “Capital Outlay” and obtained a list of the UT System’s real property disposals from July 1, 2017, through May 21, 2019. We reviewed UT Board and Finance and Administration Committee meeting minutes from July 1, 2017, through May 21, 2019, to determine that the UT Board had approved the disposition of five institutional properties and four gift properties in keeping with board policies.

THEC Matching Policy. To determine the impact THEC’s matching policy had on the UT System, we interviewed UTK’s Associate Vice Chancellor of Facilities Services; UTHSC’s Executive Vice Chancellor and Chief Operations Officer; and THEC’s Director. We reviewed THEC’s “Instructions for Preparation of FY 2020-21 Capital Outlay, Maintenance, and Disclosure Funding Requests” and state statute related to THEC.

Observation 7 – The UT System may struggle with funding future capital projects because of the requirement to include private donations in match funding

As detailed in the following table, University of Tennessee (UT) campuses must provide from 5% to 25% matching funds for new capital projects, depending on the campus. Of those matching funds, at least 40% to 50% (2% to 12.5% of the total project cost) must come from private donations.

Table 15
THEC Match Requirement of Capital Project Funding for UTK, UTM, and UTC
Effective for Projects Occurring From July 1, 2020, to June 30, 2021

Project Type	UTC & UTM		UTK	
	Min.	Max.	Min.	Max.
Major Renovation – no gift minimum	2%	10%	4%	15%
New Construction match, including gift minimum	5%	15%	10%	25%
Gift Minimum percent of above match	40%	40%	50%	50%

Source: THEC’s “Instructions for Preparation of FY 2020-21 Capital Outlay, Maintenance, and Disclosure Funding Requests.”

Facilities administrators we interviewed at multiple campuses stated that the Tennessee Higher Education Commission’s (THEC’s) imposed matching percentage was excessively high and the requirement that 40% to 50% of the matching funds must come from private donations can create barriers in funding new construction.

According to THEC’s Director, the matching requirement was imposed to ensure that universities have “skin in the game.” Additionally, the Director stated that, unlike Tennessee, many states do not fund construction of higher education facilities with appropriations. Facilities administrators that we spoke with believed the matching requirement would make constructing new facilities in the future more difficult and may cause some projects to be delayed or even canceled. If the matching requirement unduly restricts the UT System’s ability to construct new facilities, it could also reduce the system’s ability to attract the best students and faculty.

Matching Policy

THEC policy requires the same matching percentage regardless of the nature of the project. Therefore, for an athletic facility and a sewer system that cost the same, colleges and universities must collect identical amounts of private donations.

The UT Board should determine whether the capital project matching requirement has an adverse effect on the UT System’s future ability to construct new facilities. If so, the UT Board may wish to either improve its ability to procure matching funds or collaborate with state administration, including THEC and the Governor’s Office, to address potential obstacles.

Observation 8 – The current UT Board should review its process for making decisions that have high visibility and large potential impact to ensure the best outcome for the UT System

When making decisions of a large scale and magnitude, such as the scale of the facility maintenance outsourcing initiative, the UT Board should ensure that campuses are using and providing the UT Board with consistent and appropriate data so that the most prudent decision can be made. For example, in a recent decision related to outsourcing facility maintenance, the UT Board and top management disagreed about outsourcing the UT System’s campus facility maintenance.

According to the Association of Governing Boards of Colleges and Universities (AGB), in its 2015 *AGB Board of Directors’ Statement on the Fiduciary Duties of Governing Board Members*, fiduciary duty and due care requires a governing board to ensure that

Any reliance on information provided by others must be reasonable under the circumstances, considering such factors as the source from which the information was obtained, whether the information relied upon is a brief summary or an extensive analysis, whether the matter is routine or exceptional, and the time frame in which a decision must be made.

To facilitate information gathering and analysis, to ensure the best decisions can be made, and to fulfill its fiduciary responsibilities, the new UT Board should review its process for making high-impact, system-wide decisions to ensure the process includes consistent, complete, accurate, and transparent data from all campus management.

STRATEGIC PLANS AND PERFORMANCE MEASURES



The Volunteer Statue, “the Torchbearer,” at UT Knoxville.

Source: <https://gradschool.utk.edu/>.

STRATEGIC PLANS AND PERFORMANCE MEASURES

Strategic plans provide long-term objectives and goals for institutions and agencies. Management designs strategic plans, typically with lifespans of three to ten years, to provide a “road map” to achieve future success, avoid risks, and take advantage of new opportunities. Strategic plans often include **performance measures**, or quantifiable metrics to measure success, so that management can effectively design and monitor the implementation of a strategic plan.

Plan Development

To guide the University of Tennessee (UT) System in achieving organizational success and to ensure good stewardship of the system’s resources, the UT President and administrative staff from the system and campuses have developed a system-wide strategic plan, which the UT Board reviews and approves. The strategic plan includes measurable criteria to provide an outcomes-based mechanism for the UT Board and management to evaluate and monitor the plan’s implementation.

In addition to UT-designed strategic plans, the Tennessee Higher Education Commission (THEC) compiles a statewide strategic master plan to increase the educational attainment levels of Tennesseans; additionally, THEC develops a comprehensive financial strategic plan for higher education revenues and expenses.

The UT System’s previous strategic plan was effective from 2012 to 2017. The UT Board reviewed and approved a new strategic plan at its June 21, 2019, meeting, with an implementation period of 2019 to 2025. Both strategic plans share similar goals concerning the administration and operation of the UT System, as exhibited in **Table 16**.

Table 16
UT System Strategic Plan Goals

2012–2017	2019–2025
Enhancing Educational Excellence	Enhancing Educational Excellence
Expanding Research Capabilities	Expanding Research Capabilities
Fostering Outreach and Engagement	Fostering Outreach and Engagement
Ensuring Effectiveness and Efficiency	Ensuring Workforce and Administrative Excellence
Advocating for the UT System	Advocating for UT

Source: 2012–2017 Strategic Plan goals were obtained online at <https://tennessee.edu/static/strategicplan/>.
2019–2025 Strategic Plan goals were obtained from the June 21, 2019, UT Board meeting materials.

The 2019–2025 plan has an underlying aim to “champion diversity and inclusive excellence,” distributed throughout its goals.

Campus Strategic Plans

In addition to the system-wide strategic plan, the University of Tennessee, Knoxville (UTK), University of Tennessee at Chattanooga (UTC), University of Tennessee at Martin (UTM), and the University of Tennessee Health Science Center (UTHSC) campuses have individual strategic plans. Section 49-9-503(a)(2), *Tennessee Code Annotated*, establishes that the advisory

board of each UT campus is required to submit a recommendation regarding the strategic plan for that campus. Pursuant to Section 49-9-209(d)(1)(O), the UT Board will

Establish a process through which each advisory board created pursuant to §49-9-501 must provide a recommendation to the president on the proposed strategic plan for the respective institution prior to the approval of the strategic plan by the board of trustees, beginning with any strategic plan approved or adopted after January 1, 2019.

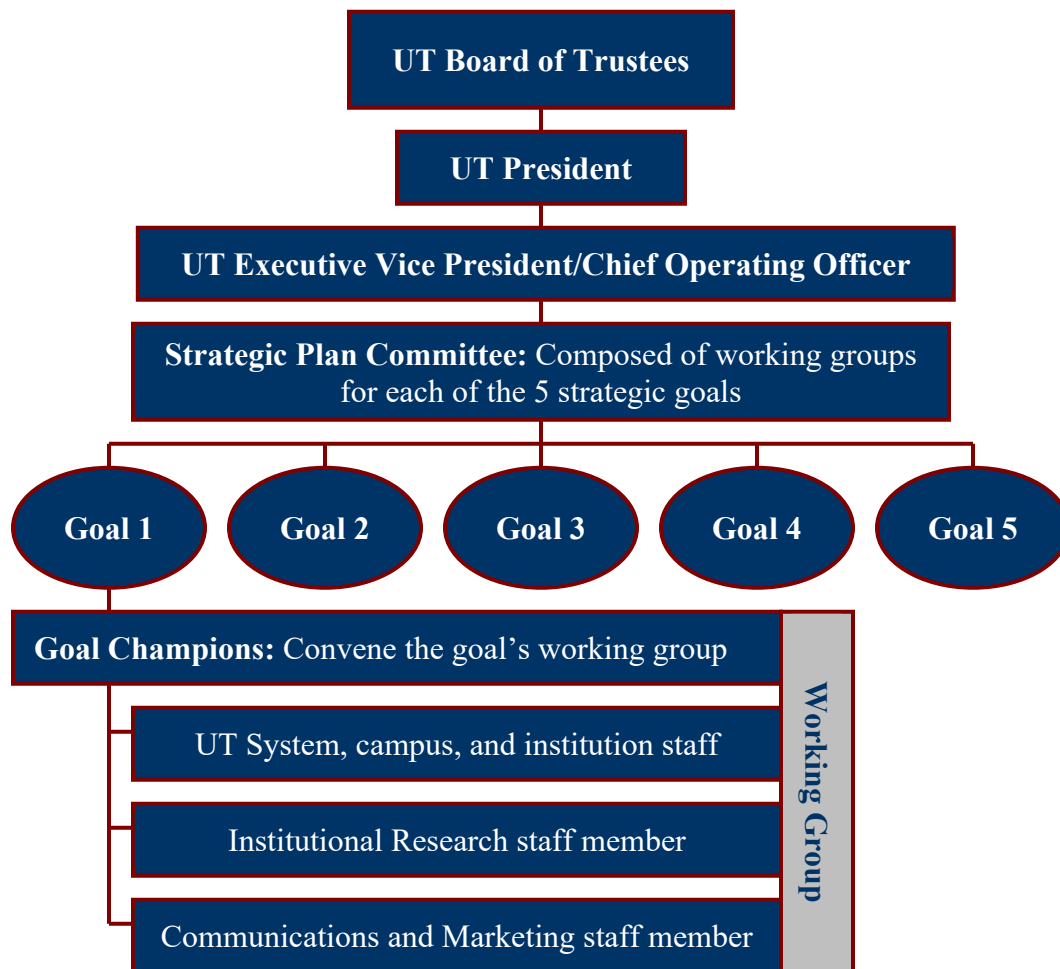
Additionally, specific programs and schools within the UT campuses may develop strategic plans pertinent to their areas.

Designing the 2019–2025 Strategic Plan

To draft a system-wide strategic plan, the UT President and the UT Executive Vice President/Chief Operating Officer formed a committee composed of members from across the UT System’s campuses and institutes. This committee first met in January 2019 and consisted of five working groups, with one group for each of the plan’s strategic areas: education, research, outreach, administration, and advocacy. Each working group consisted of 8 to 12 individuals. One or two goal champions for each strategic area convened the working group meetings to discuss potential goals, plan implementation, and performance measures. To ensure committee members were using appropriate data, the Office of Institutional Research and Assessment assigned a staff member to each working group; additionally, the Office of Communications and Marketing assigned a staff member who could help determine the best method to internally and externally communicate the groups’ goals. When working groups met, they would also work to identify risks that could prevent the UT System from achieving its goals, as well as opportunities within their strategic area.

We exhibit the general planning structure for the 2019–2025 Strategic Plan in **Exhibit 7**.

Exhibit 7
Planning Structure for the 2019–2025 Strategic Plan



Source: Auditor-constructed exhibit based on discussions with UT personnel and review of the 2019–2025 Strategic Plan presentation delivered to the UT Board on June 21, 2019.

Data Reporting and Performance Measure Tracking

To provide accountability to its many stakeholders, including alumni, state legislators, and the public, the UT System published⁵¹ the quantifiable performance measures related to each of its strategic goals for the 2012–2017 Strategic Plan. Additionally, UT Board members and UT management monitored strategic results to ensure that the system was meeting its strategic objectives and to determine where more focus may be needed to align the system’s actual performance with its desired state of performance. To ensure that these data needs are fulfilled, the information published must be both accurate and complete.

⁵¹ The UT System uses an online dashboard interface to exhibit the performance measures related to each strategic goal of the 2012–2017 Strategic Plan, available online at <https://tennessee.edu/static/strategicplan/index.html>.

Peer Institutions

At its June 22, 2017, meeting, the UT Board approved a set of criteria to be used to establish peer institutions for the four UT campuses. This set of criteria included factors such as funding, student bodies, degrees awarded, faculty, and location. The UT Chief Financial Officer, in coordination with the provosts and chief academic officers from UT campuses as well as the UT System Director of Institutional Research, used the criteria to develop a set of comparable peer institutions and aspirational peer institutions for each campus based on this framework. Acting on behalf of the full UT Board, the Executive and Compensation Committee approved the recommended comparable and aspirational peer institutions for UTK, UTC, UTM, and UTHSC.

When comparing UT campuses to peer institutions, we used the comparable peer institutions that UT identified for each campus, limiting our review to those institutions with publicly available information. We present the list of each UT campus's comparable and aspirational peers in **Appendix 5**.

Educational Goals

As part of the first goal of the 2012–2017 Strategic Plan, “Enhancing Educational Excellence,” the UT System wanted to “increase the number, quality, and diversity of students graduating from the UT System and benefiting from its distinct educational portfolio to produce at each campus and institute the most capable and best-prepared workforce for society.” To measure the system’s performance, the plan provided the following evaluation criteria:

- enrollment,
- student diversity,
- degrees awarded,
- retention and graduation rates,
- student quality,
- faculty workload, and
- number of faculty.

We exhibit our conclusions on student and faculty satisfaction in our **Student and Faculty Engagement** section.

The 2019–2025 Strategic Plan has the same first goal of “Enhancing Educational Excellence,” with a stated aim of increasing talent development in Tennessee. The newly developed and approved strategic plan has the following four objectives for enhancing education:

- increase the number of UT graduates, including increasing enrollment, graduation rates, and the number of degrees awarded;
- enhance national and international reputation in education, including increasing the number of UT faculty holding national leadership roles;
- enhance student success, including increasing freshmen retention and providing student support services; and

- expand inclusive access and achievement, including launching the UT Promise initiative and increasing the diversity of the student body.

Common Data Set

The Common Data Set Initiative is a collaborative effort among data providers in the higher education community and publishers (such as *U.S. News & World Report*). According to the Common Data Set Initiative’s website,⁵² its stated goal is to “improve the quality and accuracy of information provided to all involved in a student’s transition into higher education, as well as to reduce the reporting burden on data providers.”

The Common Data Set includes standards and definitions for selected data items, and each participating school completes a standard template to capture and provide key information related to that school. The Common Data Set survey revolves around the following major areas:

- enrollment and persistence, including enrollment by sex and race, as well as the number of degrees awarded;
- freshman admissions, including the number of admitted and enrolled students by sex;
- admissions of transfer students, including the number of transfer students that applied, were admitted, and were enrolled by sex;
- academic offerings;
- student life, including fraternities and sororities, housing, and activities, as well as the number of out-of-state students;
- annual expenses, including tuition, fees, and estimated living expenses;
- financial assistance; and
- instructional faculty and class size.

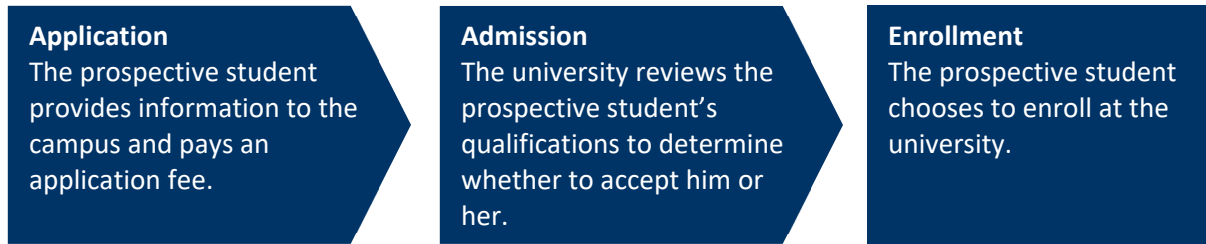
School staff collect and report the information captured by the Common Data Set survey to the Common Data Set Initiative, which in turn disseminates the data to various third parties, such as publishers and college organizations. Publishers use the data to compile college rankings, guidance counselor handbooks, and other post-secondary school guides. Schools—including UTC, UTK, and UTM—often make the data from the Common Data Set available on their website.

Admissions and Enrollment

Each year, thousands of prospective students apply for admission to the universities within the UT System. The four main campuses have unique application processes, with their own specific criteria that the universities use to select students for admission. We illustrate the general application, admission, and enrollment process in **Chart 4**:

⁵² Source: <http://www.commondataset.org/>.

Chart 4
UT System Application, Admission, and Enrollment Process



Source: Auditor analysis of application, admission, and enrollment processes at UT campuses.

Competitive Admissions

Unlike UTC and UTM, which admit any applicants who meet specifically defined minimum requirements, UTK employs a **competitive admissions process**. A competitive admissions process uses various metrics, including grade point average (GPA), test scores, and various other factors, to evaluate each student individually and determine if the school will admit the applicant. In a competitive admissions process, campus staff may evaluate applicants' extracurricular activities, personal essays, awards, letters of recommendation, and other non-quantitative factors.

One of UTK's published values is "advancing diversity and inclusion," and championing diversity and inclusive excellence is an underlying principle of the UT System's 2019–2025 Strategic Plan. Universities across the country have set goals of increasing the diversity of their student and faculty populations; however, in doing so, they must consider whether their admissions practices could be perceived as unfair or discriminatory. Federal courts have seen various cases relating to racial background considerations in competitive admission processes.

Racial Consideration in Admissions

In a recent lawsuit, *Students for Fair Admissions v. Harvard College*, Asian American students have alleged that Harvard College instituted discriminatory practices against Asian American applicants, citing that such applicants have the highest average SAT scores but the lowest admission rate. The federal judge ruled in favor of Harvard, upholding its practice of including race as one of many factors considered in reviewing applications to the college.

UT Knoxville

The UTK campus features a competitive, holistic admissions process. Although high school GPA and standardized test scores are of primary importance, the campus also makes admissions decisions based on the following factors:

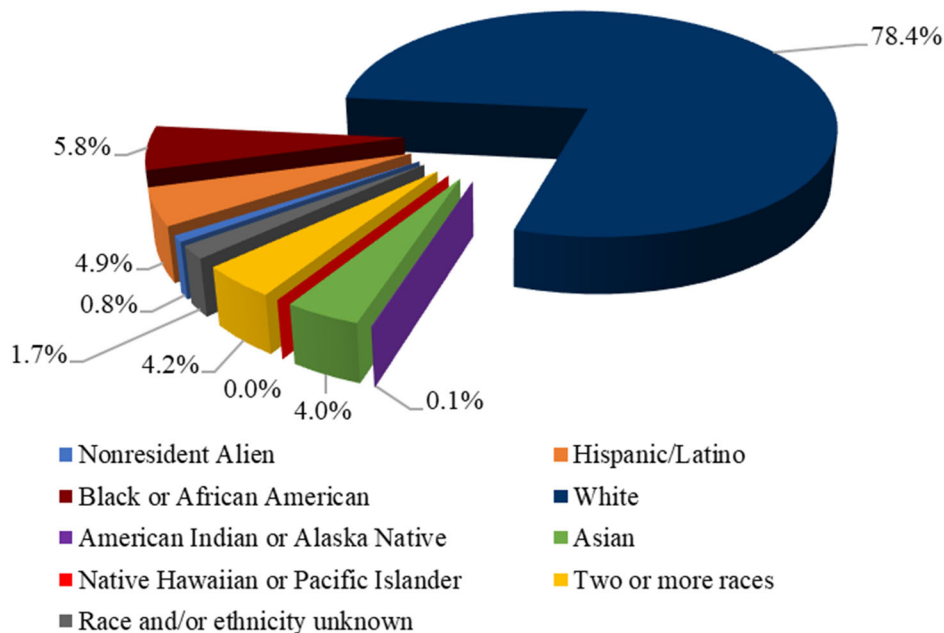
- a UTK-calculated weighted GPA based on core academic subjects, which include English, algebra, and geometry;
- standardized test scores from either the ACT or SAT, with no minimum test score to qualify or disqualify admission;
- rigor of the high school curriculum;

- difficulty of senior-level coursework;
- extracurricular or leadership activities;
- one short essay, which is an opportunity for the candidate to tell the admissions staff more about themselves;
- awards the candidate has received;
- special talents or skills;
- an optional personal statement; and
- optional letters of recommendation from teachers or counselors.

Beyond these factors, certain colleges (such as Architecture and Music) have additional requirements that the candidate must meet to receive admission to that college.

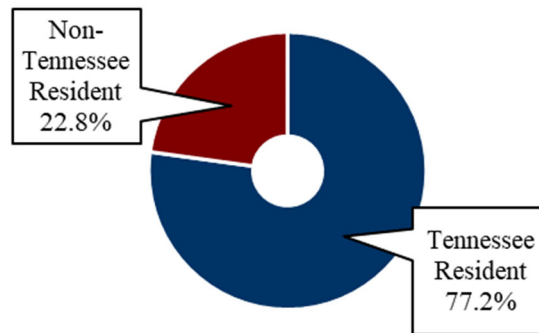
For the fall 2018 semester, UTK enrolled 5,205 full-time, first-time freshmen. **Charts 5 and 6** exhibit the race/ethnicity and residency status for these students.

Chart 5
UTK First-Time Freshmen Race/Ethnicity
Fall 2018



Source: Auditor analysis of enrollment data provided by UTK.

Chart 6
UTK First-Time Freshmen Residence*
Fall 2018



*In presenting the calculation of state residence, we followed the Common Data Set reporting requirements, which do not include nonresident aliens and international students.
 Source: Auditor analysis of enrollment data provided by UTK.

UT Chattanooga

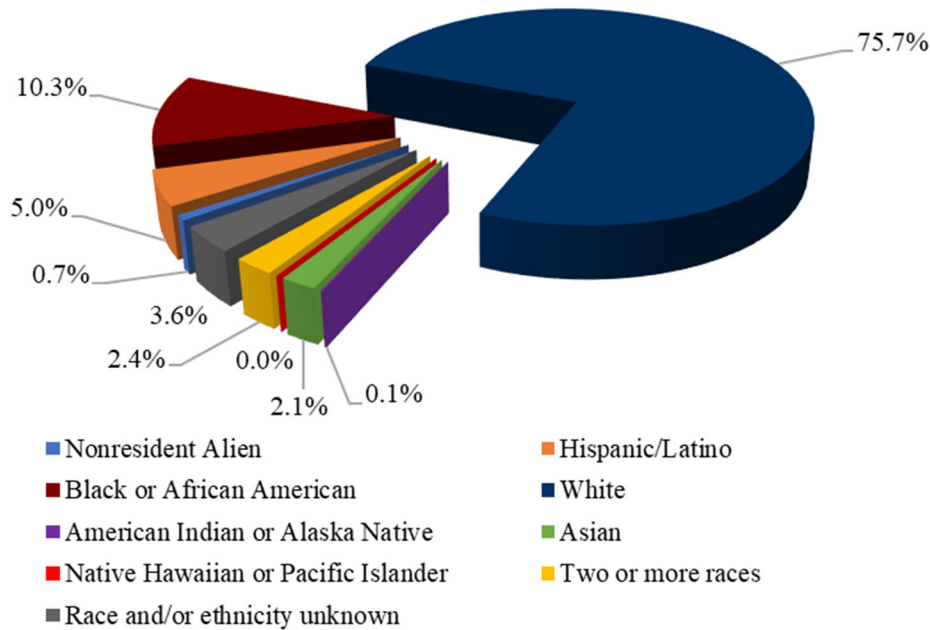
The UTC campus has specific criteria, based primarily on high school GPA and standardized test scores, that a student can meet and gain automatic admission. The admissions criteria are as follows:

- a minimum 2.85 high school GPA (on a 4.0 scale) and a minimum 18 ACT composite score or 960 SAT composite score **OR** a minimum 2.5 high school GPA (on a 4.0 scale) and a minimum 21 ACT composite score or 1060 SAT composite score;
- a high school diploma or general education diploma (GED), for candidates under 21 years of age; and
- completion of 16 specific high school courses, which include English, math, and lab science.

If a candidate does not meet these criteria, the campus denies the application. UTC does not conditionally admit students; however, a denied student may appeal the admissions decision by submitting a form to the faculty senate committee explaining in writing why they feel they should be granted an exception, such as a hardship or family illness. If the committee approves the appeal, the candidate is admitted to UTC; if the committee does not approve the appeal, the student can appeal one more time to UTC's Chancellor, who has the final determination.

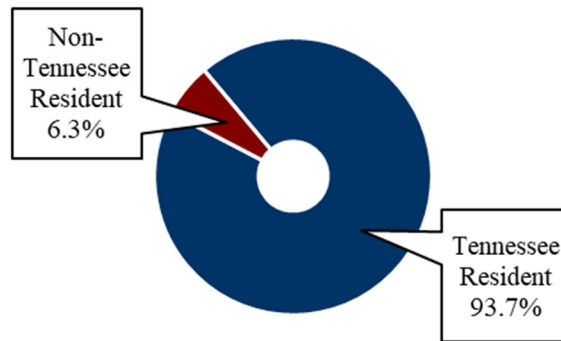
For the fall 2018 semester, UTC enrolled 2,245 full-time, first-time freshmen. **Charts 7 and 8** exhibit the race/ethnicity and residency status for these students.

Chart 7
UTC First-Time Freshmen Race/Ethnicity
Fall 2018



Source: Auditor analysis of enrollment data provided by UTC.

Chart 8
UTC First-Time Freshmen Residence*
Fall 2018



*In presenting the calculation of state residence, we followed the Common Data Set reporting requirements, which do not include nonresident aliens and international students.

Source: Auditor analysis of enrollment data provided by UTC.

UT Martin

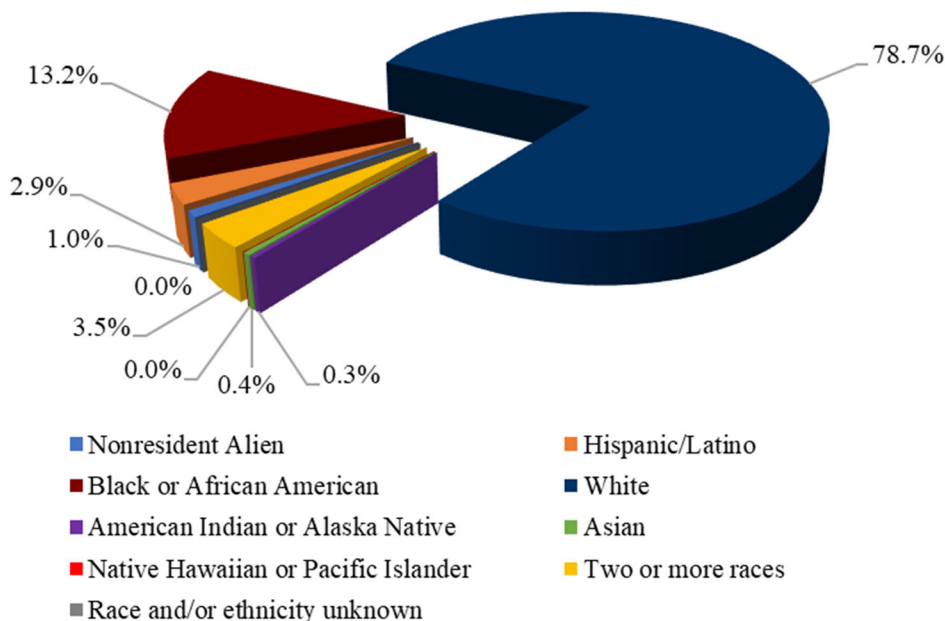
Like UTC, the UTM campus has specific admissions criteria that, if met, allow a candidate to gain automatic admission. The admissions criteria are as follows:

- if graduating from a state-accredited high school,⁵³ a cumulative high school GPA of 2.7 or above on a 4.0 scale and either a 21 ACT composite score or a 980 SAT score **OR** a cumulative high school GPA of 3.0 or above on a 4.0 scale and either a 19 ACT composite score or 900 SAT score;
- a high school diploma from a state-accredited high school, a GED, or an appropriate score on the High School Equivalency Test; and
- completion of 16 specific high school courses, which include English, algebra, and U.S. history.

UTM's Conditional Admission Committee reviews any application that does not meet these regular admissions criteria. The committee performs a thorough review of the application to ensure that the candidate has the ability to succeed at UTM, indicated by factors such as an upward trend in grades during high school. Additionally, conditionally admitted students will receive more individual attention, including advising, through UTM's student success center and will be required to take an additional general studies course.

For the fall 2018 semester, UTM enrolled 1,143 full-time, first-time freshmen. **Charts 9 and 10** exhibit the race/ethnicity and residency status for these students.

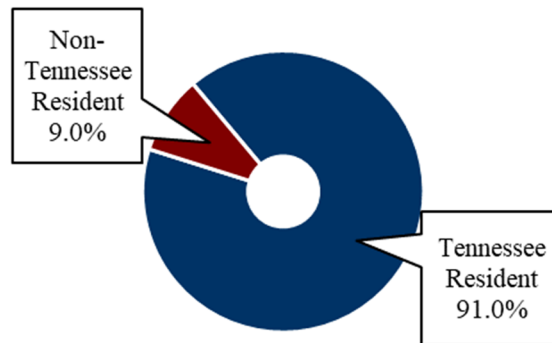
Chart 9
UTM First-Time Freshmen Race/Ethnicity
Fall 2018



Source: Auditor analysis of enrollment data provided by UTM.

⁵³ Students that do not graduate from a state accredited high school must have a composite score of 21 or above on the ACT or 980 or above on the SAT and a cumulative high school GPA of 2.85 or above on a 4.0 scale, OR meet specific thresholds of ACT scores in conjunction with GED and High School Equivalency Test score requirements.

Chart 10
UTM First-Time Freshmen Residence*
Fall 2018



*In presenting the calculation of state residence, we followed the Common Data Set reporting requirements, which do not include nonresident aliens and international students.

Source: Auditor analysis of enrollment data provided by UTM.

UT Health Science Center

Each of UTHSC's six colleges has separate admissions criteria, with some programs within a college having additional admissions requirements. The campus makes admissions decisions based on the candidate meeting the stated requirements, as well as the number of positions available in a program. An admissions committee reviews applications and recommends the most qualified candidates to the college's dean, who holds final approval authority. Below are the general admissions requirements for each college except for the College of Dentistry and the College of Health Professions.

Colleges of Dentistry and Health Professions Admissions

The College of Dentistry and the College of Health Professions do not have general criteria for acceptance. Each specific program within these colleges has individual criteria that applicants must meet to apply for admission.

College of Graduate Health Sciences

- bachelor's degree or equivalent;
- undergraduate GPA of at least 3.0 on a 4.0 scale;
- Graduate Record Examinations (GRE) combined score of at least 300; and
- three letters of recommendation.

College of Medicine

- resident of Tennessee or one of the states adjacent to Tennessee, or the child of a UT System alumnus;
- consideration of the candidate's undergraduate academic preparation and achievement;
- consideration of the candidate upon interview with the Committee on Admissions, recommendations, and a personal statement; and
- Medical College Admissions Test (MCAT) score.

College of Nursing

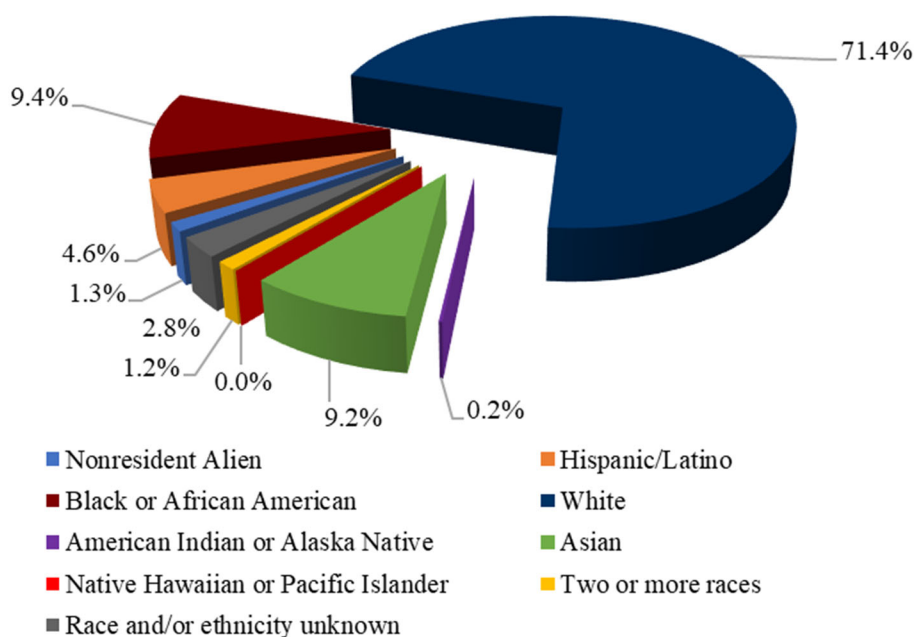
- various undergraduate GPAs, depending on the program;
- personal essay;
- professional references; and
- interview with admissions staff.

College of Pharmacy

- completion of a pre-pharmacy curriculum at an accredited university or college, which includes 62 hours of coursework;
- a grade of C- or above for each required pre-pharmacy course; and
- three letters of reference.

For the fall 2018 semester, UTHSC enrolled 1,002 new students across its 6 colleges. **Charts 11** and **12** exhibit the race/ethnicity and residency status for these students.

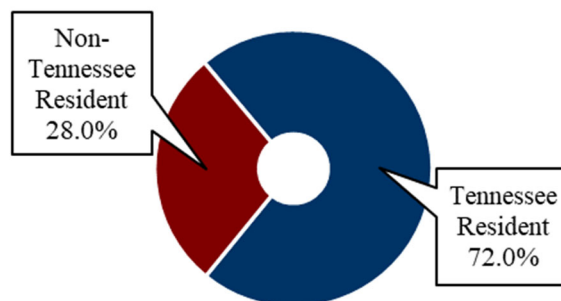
Chart 11
UTHSC First Semester Student Race/Ethnicity*
Fall 2018



*The data above includes first-time students that applied, were admitted, and enrolled in the school for fall 2018 (1,002), as opposed to “newly admitted students” (993).

Source: Auditor analysis of enrollment data provided by UTHSC.

Chart 12
UTHSC First Semester Student Residence*
Fall 2018



*UTHSC does not follow Common Data Set reporting standards and includes nonresident aliens in its calculation of non-Tennessee residents.

Source: Auditor analysis of enrollment data provided by UTHSC.

Graduation and Retention

Two key performance measures for the UT System’s educational goals are **graduation rates** and **retention rates**. The **graduation rate** performance measure is the number of freshmen enrolling in a given year who obtain a bachelor’s degree or equivalent certification within six years. Although convention holds that a bachelor’s degree should be attained in four years, students often require longer periods of enrollment to acquire their targeted degree, depending on numerous factors such as the number of courses students take each semester; financial resources needed to pay for continuous enrollment; or a change in degree major and program, which would require more courses to cover all requisites. The **retention rate** performance measure focuses on freshmen who enroll full-time at the beginning of one year and then re-enroll the following year. Freshmen who discontinue their studies or transfer to another university, even another UT System campus, are not considered “retained.”

For UTK, UTC, and UTM, six-year graduation rates make up a key component of their strategic plans and serve as heavily weighted mission measures in the Tennessee Higher Education Commission’s outcomes-based funding models (15% for UTK and UTC, 20% for UTM). As a result, the campuses’ performance in these areas directly impacts the amount of state appropriations they receive.

We exhibit comments regarding graduation rates made by the UT Board Chair during the February 2019 UT Board meeting in **Exhibit 8** below:

Exhibit 8
Board Chair's Comments Regarding Current Graduation Rates

Graduation

- We need to do a better job of retaining and graduating our students.
- Our 6-year graduation rate system-wide improved last year to around 71%, but that is simply not good enough and behind many of our peers.
- This issue needs to be carefully dissected to determine what is holding us back. How much more investment should be required to be in the top quartile among our aspirational peers? And we need to make sure graduates are landing in those aspirational jobs they came to our universities to achieve.

Source: Minutes of the UT Board Executive Committee meeting on February 6, 2019.

For the UTK, UTC, and UTM campuses, we have included performance measure graphics for each institution's four- and six-year graduation rates and their retention rates compared to their self-selected peers. The graduation rate includes all freshmen who began at the respective campus in fall 2012, which is the latest year for which data is available as the six-year rate includes students who graduated in 2018. The retention rate tables present the percentage of 2017 freshmen who re-enrolled at that campus, as well as the average retention rate of its peer institutions. For the UTHSC campus, we have exhibited the graduation rates of four selected programs.

UT Knoxville

Due to its location, size, and institutional goals, UTK identified the following schools as peer universities to benchmark its own performance:

- Auburn University,
- Clemson University,
- Louisiana State University,
- North Carolina State University,
- University of Alabama,
- University of Nebraska – Lincoln, and
- University of South Carolina.

As demonstrated in **Charts 13** and **14**, the UTK graduation rate for 2012 freshmen, as well as the retention rate of 2017 freshmen, fell short of the average rates of its peers.

Chart 13
UTK Graduation Rate Compared to Peers
2012 Enrolled Freshmen

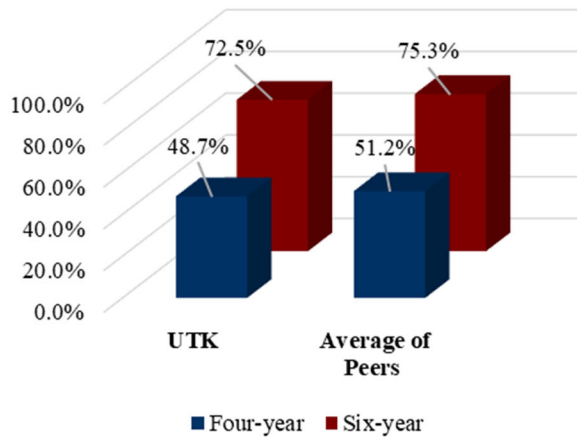
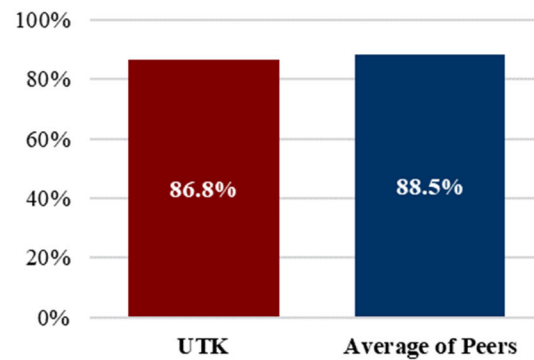


Chart 14
UTK Retention Rate Compared to Peers
2017 Returning Freshmen



Source: Auditor analysis of each institution's online graduation and retention information. UTK data provided by UTK.

UT Chattanooga

UTC identified the following peer universities and compares its performance against these schools:

- Jacksonville State University,
- Murray State University,
- Southeast Missouri State University,
- Stephen F. Austin State University,
- Tennessee Technological University,
- University of Central Arkansas,
- University of West Georgia, and
- Valdosta State University,

In **Charts 15** and **16**, we demonstrate that UTC performed marginally better than the average of its peer universities in both graduation and retention rates.

Chart 15
UTC Graduation Rate Compared to Peers
2012 Enrolled Freshmen

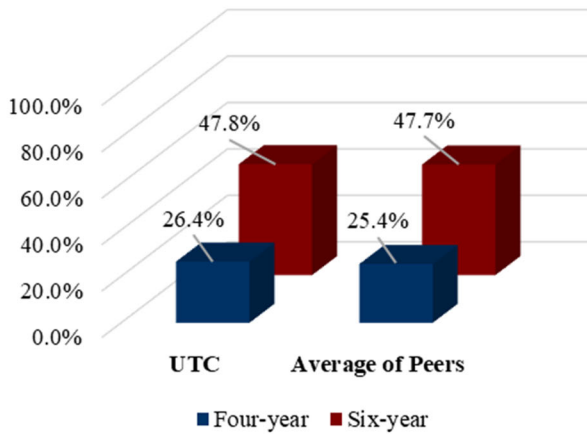
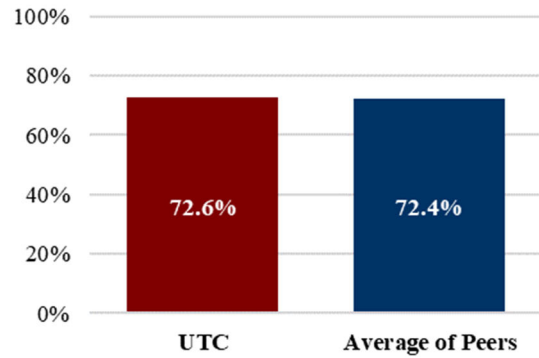


Chart 16
UTC Retention Rate Compared to Peers
2017 Returning Freshmen



Source: Auditor analysis of each institution's online graduation and retention information. UTC data provided by UTC.

UT Martin

To provide benchmarks for its performance measures, UTM identified the following peer schools based on their size, institutional goals, and location:

- Arkansas Tech University,
- Frostburg State University,
- Morehead State University,
- University of Texas – Tyler, and
- West Texas A&M.

In **Charts 17** and **18**, we exhibit UTM's performance in relation to its peer universities. UTM trailed the average of its peers in four-year graduation rates but exceeded its peers' average for six-year rates; additionally, UTM surpassed its peer universities' average for 2017 freshmen retention rates.

Chart 17
UTM Graduation Rate Compared to Peers
2012 Enrolled Freshmen

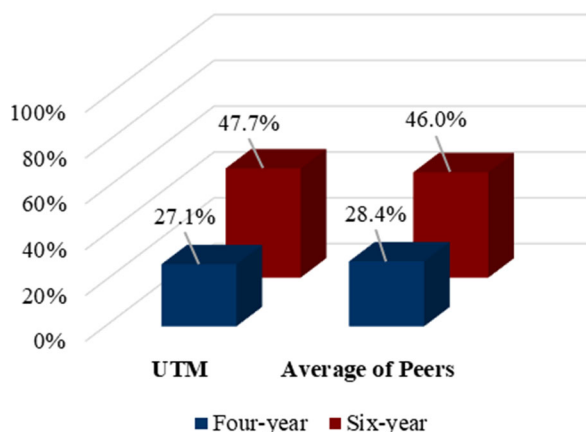
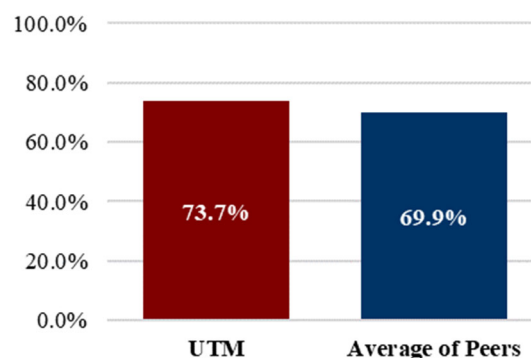


Chart 18
UTM Retention Rate Compared to Peers
2017 Returning Freshmen



Source: Auditor analysis of each institution's online graduation and retention information. UTM data provided by UTM.

UT Health Science Center

UTHSC calculates and reports performance measures for graduation rates and pass rates on certification exams. The campus calculates its graduation rates based on the number of students entering each program and the number of students from the entering cohort who graduate within 1.5 times the nominal time required to complete the degree for that program. For example, the Doctor of Dental Surgery program is a nominal four-year program; therefore, students who have graduated within six years of entry are included in the graduation rate.

UTHSC does not offer lower division undergraduate courses; undergraduate programs offered by UTHSC are completion programs.

UTHSC compares its performance measures in graduation rates to “thresholds of acceptability” established by the UTHSC Committee on Academic and Student Affairs (CASA). CASA establishes these thresholds based on historical graduation rates at UTHSC, as well as graduation thresholds set by other academic health science centers. UTHSC identifies several comparable peer institutions, such as the University of Oklahoma Health Sciences Center, the Medical University of South Carolina, and the University of Nebraska Medical Center. For graduate and professional programs, CASA established a graduation rate threshold of 90%; for undergraduate programs, CASA established a graduation rate threshold of 85%. In aggregate, the graduation rate of both graduate and undergraduate programs of UTHSC met these thresholds for both 2017 and 2018. The following individual undergraduate programs, however, fell short of the thresholds: audiology (82% in 2017); medical laboratory science (81% in 2017); and nursing (68% in 2017 and 83% in 2018).

In addition, UTHSC expects every student in each professional program to pass the corresponding licensure examination.

Outcomes-Based Funding and Performance Measures

In conjunction with university systems, individual campuses, and state government representatives, the Tennessee Higher Education Commission developed an outcomes-based funding formula,⁵⁴ a complex tool that allocates state funds to Tennessee’s public colleges and universities based on performance in key areas. In 2017–2018, the General Assembly appropriated approximately \$913 million for higher education, and the formula determined how those funds would be distributed to each institution.

One of the primary components of the outcomes-based funding formula is measuring a school’s achievement toward its mission goals. Each school places a “weight” or percentage value on components of its mission; the higher the weight, the more its performance in this area influences the result of its outcomes-based funding formula result. UTK, UTC, and UTM place a heavy weight on six-year graduation rates and the number of degrees produced; therefore, the campuses’ performance in these areas can directly impact their funding from state appropriations.

Audit Results

- 1. Audit Objective:** How did the UT System develop the 2019–2025 Strategic Plan, and did it incorporate performance measure data?

Conclusion: Based on our review, a cross-functional, system-wide committee developed a strategic plan for the UT System, and the committee factored performance measure data into the strategic plan.

- 2. Audit Objective:** In fulfilling its oversight responsibilities, did the UT Board approve the UT System’s 2019–2025 Strategic Plan?

Conclusion: We found that the UT Board approved the strategic plan during its meeting on June 21, 2019.

- 3. Audit Objective:** Pursuant to Section 49-9-209(d)(1)(O), *Tennessee Code Annotated*, did the UT Board develop a process for UT advisory boards to submit recommendations for campus strategic plans to the UT President?

Conclusion: On March 1, 2019, the UT Board adopted a system-wide policy that provides a process for advisory boards to submit campus strategic plan recommendations to the UT President.

- 4. Audit Objective:** Was published performance measure data reliable for UTK, UTC, UTM, and UTHSC?

Conclusion: Based on our review of performance measure data, published information for the UT System was reliable. As a result of our review, we believe that

⁵⁴ The General Assembly approved the outcomes-based formula as part of Chapter 3 of the Public Acts of 2010, “the Complete College Act Tennessee of 2010.”

the UT Board should consider developing a consolidated, system-wide data dictionary to increase data accessibility and consistency for performance measures. See **Observation 3** on page 51.

- 5. Audit Objective:** Was there a significant divergence in acceptance rates between males and females at UTK, UTM, and UTC?

Conclusion: We did not identify a significant divergence in acceptance rates between male and female applicants. See the **Results of Audit Work** on page 169.

- 6. Audit Objective:** Was there a significant divergence in UTK's acceptance rates among different races and ethnicities?⁵⁵

Conclusion: Based on the results of our audit work, we determined that significant divergences in acceptance rates among races and ethnicities did occur at UTK; however, quantitative admission criteria, including GPA and ACT scores, served as mitigating factors. See the **Results of Audit Work** on page 170.

- 7. Audit Objective:** For UTK, UTC, and UTM, how did 2017 freshmen retention rates and 2012 freshmen graduation rates compare to the average rates of their peer institutions?

Conclusion: We compared the UT campuses with their self-identified peer institutions and determined that UT campuses' 2017 freshmen retention rates and 2012 freshmen graduation rates were consistent with the rates of their peer institutions. We found that the UTK graduation rates and retention rates, along with the UTM four-year graduation rate, fell below the average of their peer universities' rates. See the **Results of Audit Work** on page 163.

- 8. Audit Objective:** Did UTHSC's pass rates for first-time professional licensure exams meet or exceed national averages, and did the colleges and programs at UTHSC meet the acceptable internal threshold for graduation rates?

Conclusion: As a result of our review, we determined that for most licensure exams, UTHSC students met or surpassed national averages and that, in aggregate, UTHSC's colleges and programs met the general acceptable threshold for graduation rates. UTHSC performed worse than national averages on four exams in 2017 and four exams in 2018, and three programs fell short of the internal graduation rate threshold in 2017 while only one program did not meet its threshold in 2018. See the **Results of Audit Work** on page 163.

⁵⁵ We focused on UTK for this objective because the campus features a competitive admissions process, unlike both UTC and UTM.

9. Audit Objective: Did the UT Board ensure that admission data (including applicant profile data such as race, ethnicity, gender, and residency) were accurately recorded and reported in the Common Data Set?

Conclusion: Admission data found in the Common Data Set matched the supporting data in each campus's information system. Our testwork disclosed, though, that the UT Board should consider coordinating with management to consolidate applicant data within a shared information system to ensure accessibility for system-wide users. See **Observation 3** on page 51.

Methodology to Achieve Objectives

To determine the process to develop the system-wide strategic plans, we interviewed the UT System's Executive Vice President/Chief Operating Officer and reviewed the UT System's 2012–2017 and 2019–2025 strategic plans. To determine whether the UT Board approved the 2019–2025 Strategic Plan, we observed its meeting held on June 21, 2019, and reviewed the meeting materials. To determine whether the UT Board developed a process for advisory boards to submit recommendations for campus strategic plans, we examined UT System-wide Policy BT00025, "Process for the Campus Advisory Board to Submit a Recommendation to the President on the Proposed Strategic Plan for the Campus."

To determine if each campus compared favorably with its peer universities and if published performance measure data was reliable, we obtained academic year 2018 undergraduate student-level data for the UTK, UTC, and UTM campuses, and equivalent aggregated data for each respective institution's peers. We analyzed each institution's retention rate, four-year graduation rate, and six-year graduation rate. To analyze the data, we compared each campus to its peers using the peer group's average, minimum, and maximum, as well as the campus's percentile ranking among its peers. For the UTHSC campus, we analyzed each program's exam pass rates and graduation rates. To determine if the published performance measure data was reliable, we compared the measures we calculated to the campus's Common Data Set report and UTHSC's published student achievement report.

To determine if the campuses accurately recorded and reported admissions data and to determine if there was a significant divergence in acceptance rates among cohorts, we interviewed UTK's Assistant Vice Provost of Enrollment Management and Director of Undergraduate Admissions, UTC's Director of Undergraduate Admissions, UTM's Director of Admissions, and UTHSC's Director of Admissions. We obtained each campus's admissions data for the 2017 and 2018 school years, which included the student's sex, race, GPA, and standardized test scores. Using this data, we recalculated the demographic and academic information that each campus had reported.

Results of Audit Work: Graduation Rates, Retention Rates, and Exam Pass Rates

Based on our review of performance information provided by the UT System campuses, three of the four campuses fell short of established benchmarks and thresholds for student graduation rates and freshmen retention rates. Specifically,

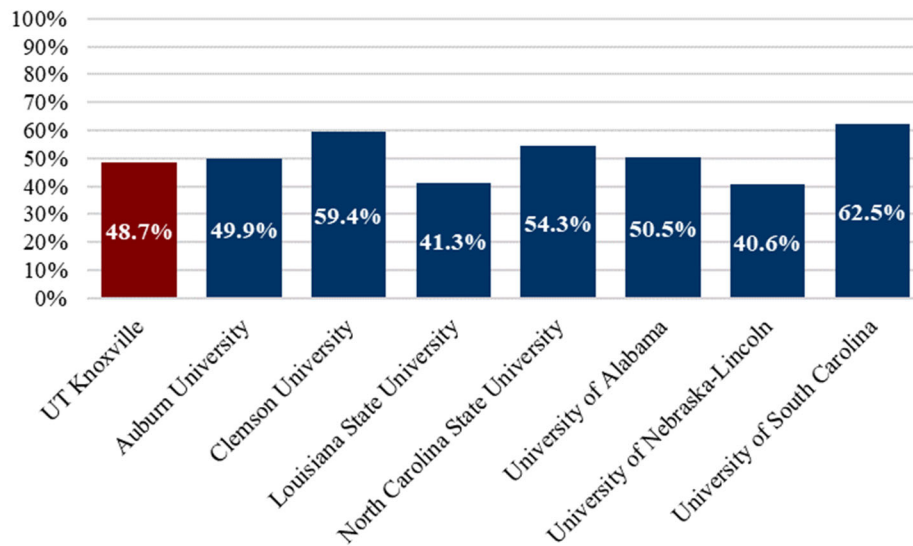
- UTK's four- and six-year graduation rates, as well as its freshmen retention rate, fell below the average of its self-selected peer institutions.
- UTM's four-year graduation rate did not meet the average graduation rate of its self-selected peer institutions, although the campus did exceed both the average six-year graduation rate and the freshmen retention rate of its peers.
- UTHSC performed below national averages for first-time pass rates for four professional licensure exams in 2017 and again in 2018. Additionally, three programs within UTHSC did not meet internal graduation benchmarks in 2017 and one program did not meet its benchmark in 2018.

UT Knoxville

UTK's graduation rate for both four- and six-year students who enrolled as freshmen in fall 2012 fell below its peers' average rates. Of the 4,196 students included in the calculation of UTK's graduation rates,⁵⁶ 2,042 (48.7%) graduated within 4 years and 3,044 (72.5%) graduated within 6 years. Peer 4-year graduation rates averaged 51.2%, while peer 6-year graduation rates averaged 75.3%. Additionally, of the 4,883 freshmen who enrolled at UTK in 2017, 4,237 (86.8%) returned in fall 2018; this rate falls below 88.5% average of the campus's peer institutions for the same period. See **Charts 19-21** for details.

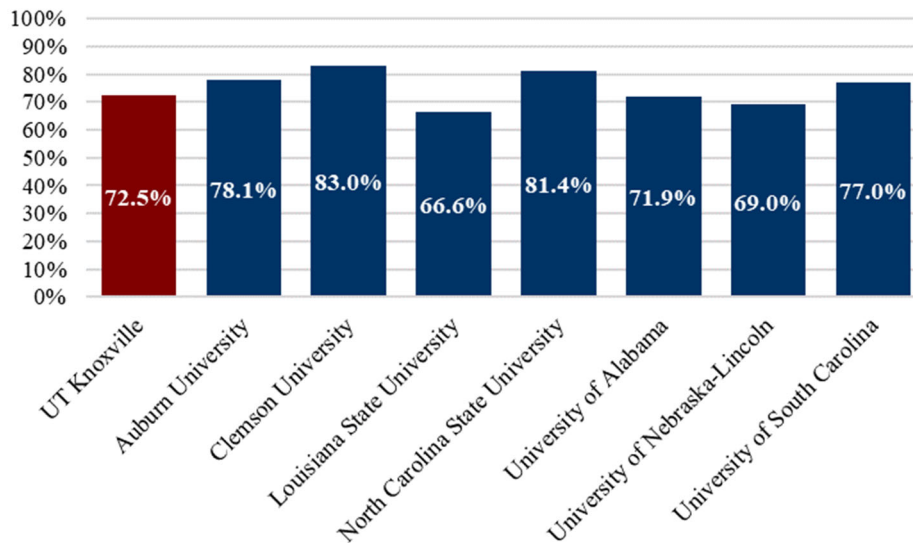
⁵⁶ Of the 4,196 freshmen to enroll at UTK in fall 2012, 2,042 (48.7%) graduated within 4 years; 852 (20.3%) graduated in more than 4 years but less than 5 years; and 150 (3.6%) graduated in more than 5 years but less than 6 years. The remaining 1,152 (27.5%) had not graduated as of October 2018.

Chart 19
Four-year UTK Graduation Rate Compared to Peers
Freshmen Enrolled in Fall 2012



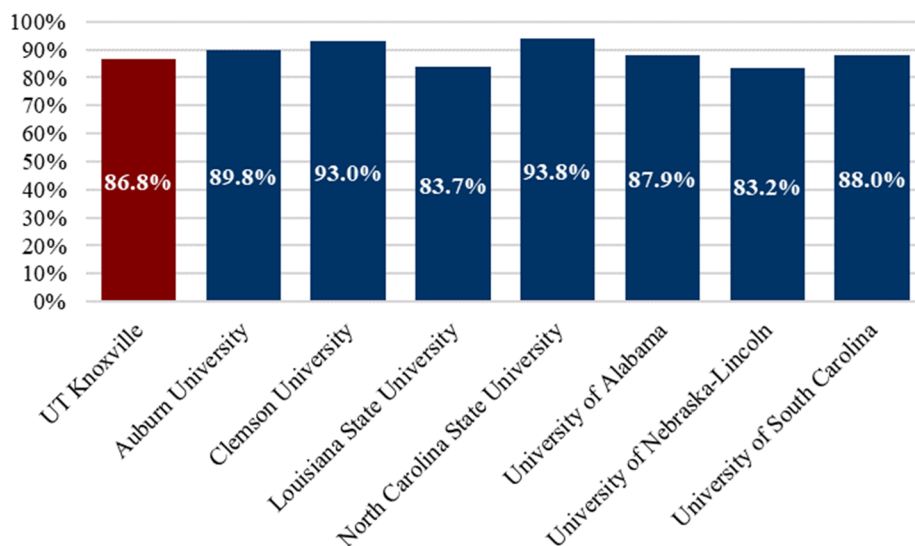
Source: Auditor analysis of each institution's online graduation and retention information. UTK data provided by UTK management.

Chart 20
Six-year UTK Graduation Rate Compared to Peers
Freshmen Enrolled in Fall 2012



Source: Auditor analysis of each institution's online graduation and retention information. UTK data provided by UTK management.

Chart 21
UTK Retention Rate Compared to Peers
2017 Returning Freshmen



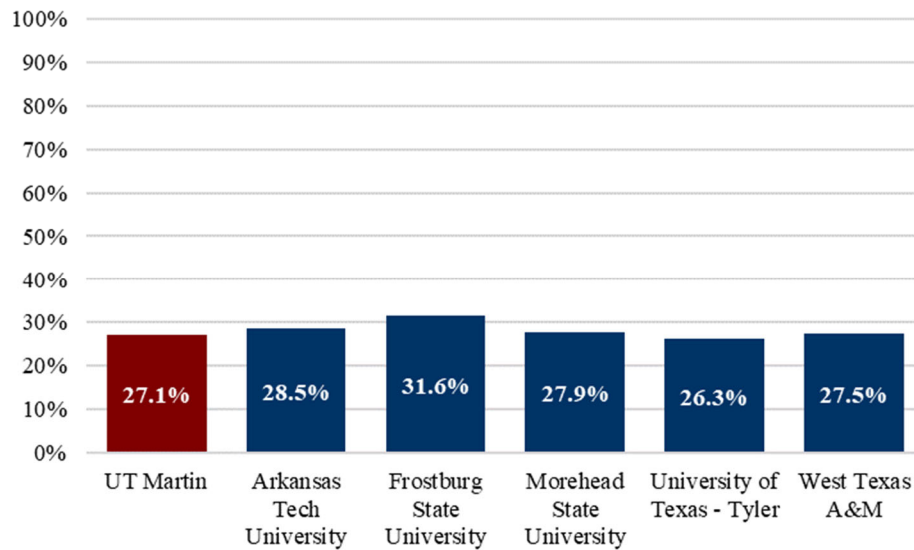
Source: Auditor analysis of each institution's online graduation and retention information. UTK data provided by UTK management.

UT Martin

Although UTM exceeded the average of its peer institutions in both freshmen retention rate and 6-year graduation rates, UTM's 4-year graduation rate for students who enrolled as freshmen in fall 2012 fell below the average of its peers. Of the 1,313⁵⁷ students who enrolled as freshmen at UTM in fall 2012, 356 (27.1%) graduated within 4 years. The average graduation rate for UTM's peer institutions for the same period was 28.4%, as exhibited in **Chart 22**.

⁵⁷ Of the 1,313 freshmen to enroll at UTM in fall 2012, 356 (27.1%) graduated within 4 years; 223 (17%) graduated in more than 4 years but less than 5 years, and 47 (3.6%) graduated in more than 5 years but less than 6 years. The remaining 687 (52.3%) had not graduated as of October 2018.

Chart 22
Four-year UTM Graduation Rate Compared to Peers
Freshmen Enrolled in Fall 2012



Source: Auditor analysis of each institution's online graduation and retention information. UTM data provided by UTM management.

UT Health Science Center

Unlike UTK, UTC, and UTM, UTHSC uses an internal Committee on Academic and Student Affairs to benchmark the graduation rates of its programs. The committee calculates these thresholds based on other academic health science centers' targets, combined with UTHSC's own historical rates. The committee set an overall graduation rate threshold for undergraduate programs at 85% and professional and graduate programs at 90%. As illustrated in **Table 17**, the following individual programs did not meet the established threshold: audiology (82% in 2017), medical laboratory science (81% in 2017), and nursing (68% in 2017 and 83% in 2018).

Table 17
UTHSC Undergraduate⁵⁸ and Graduate/Professional Programs
Graduation Rates in 2017 and 2018

UTHSC College or Program	2017	2018
Audiology (AUD)	82.4%	90.9%
Dentistry (DDS)	95.6%	95.3%
Medicine (MD)	96.4%	94.4%
Pharmacy (PHARMD)	94.6%	98.2%
Nursing (DNP) - Full-time	94.4%	92.3%
Physical Therapy (DPT)	100.0%	100.0%
Clinical Laboratory Sciences (MSCLS)	100.0%	100.0%
Cytopathology Practice (MCP)	100.0%	100.0%
Dental Hygiene (BSDH)	100.0%	100.0%
Medical Laboratory Science (BSMLS)	81.3%	86.7%
Nursing (BSN) – Full-time	68.3%	83.1%
Speech-Language Pathology (MSSLP)	95.7%	94.3%
Occupational Therapy (MOT)	100.0%	94.4%
Physician Assistant (MMS-PA)	93.1%	100.0%
Audiology & Speech Pathology (Joint with UTK)*	96.8%	

*The joint UTK-UTHSC audiology and speech pathology program had not published graduation data for 2018.

First-time pass rates fell below national averages for five licensure examinations (see **Table 18**).

Table 18
UTHSC First-time Pass Rates by School or Program
For Years 2017 and 2018

College or Program	Exam	2017		2018	
		UTHSC Pass Rate	National Pass Rate	UTHSC Pass Rate	National Pass Rate
Medicine (MD)	United States Medical Licensing Examination (USMLE) Step 1	95.7%	96.0%	93.4%	96.0%
Medicine (MD)	USMLE Step 2 Clinical Knowledge (CK)	98.0%	96.0%	98.1%	97.0%
Medicine (MD)	USMLE Step 2 Clinical Skills (CS)	98.0%	96.0%	98.1%	95.0%
Physician Assistant (MMS-PA)	Physician Assistant National Certifying Exam (PANCE)	96.4%	97.0%	100.0%	98.0%

⁵⁸ UTHSC does not offer lower division undergraduate courses; undergraduate programs offered by UTHSC are completion programs.

College or Program	Exam	2017		2018	
		UTHSC Pass Rate	National Pass Rate	UTHSC Pass Rate	National Pass Rate
Pharmacy (PHARMD)	North American Pharmacist Licensure Examination (NAPLEX)	95.6%	88.0%	96.1%	89.0%
Dentistry (DDS)	National Board of Dental Examiners (NBDE) I	100.0%	89.0%	97.8%	88.0%
Dentistry (DDS)	NBDE II	95.3%	92.0%	93.2%	92.0%
Nursing (BSN)	National Council Licensure Examination – Registered Nurse (NCLEX-RN)	100.0%	87.0%	98.4%	88.0%
Dental Hygiene (BSDH)	National Board of Dental Hygiene Examiners (NBDHE)	91.7%	94.0%	92.0%	94.0%
Dental Hygiene (BSDH)	Clinical Exam*	73.9%	98.0%	72.0%	96.0%
Bachelor of Science in Medical Laboratory Sciences (BSMLS) + Master of Science in Clinical Laboratory Sciences (MSCLS)†	American Society for Clinical Pathology (ASCP) or American Medical Technologists (AMT)	91.7%	83.0%	88.0%	82.0%
Cytotechnology Practice (MCP)	Histotechnologist Certification Exam (HTL)	100.0%	73.0%	100.0%	75.0%
Cytotechnology Practice (MCP)	Cytotechnologist Certification Exam (CT)	100.0%	86.0%	100.0%	87.0%
Physical Therapy (DPT)	National Physical Therapy Exam (NPTE)	92.9%	92.0%	96.2%	91.0%
Occupational Therapy (MOT)	National Board for Certification in Occupational Therapy (NBCOT)‡	83.3%	83.0%	83.3%	86.0%
Audiology	Praxis Speech Language Pathology (SLP)	100.0%	93.0%	100.0%	94.0%
Audiology	Praxis Audiology (AuD)	100.0%	83.0%	100.0%	88.0%

*Because this test is taken at a regional testing agency, there is no national first-time pass rate. Instead, the figures presented represent average regional pass rates.

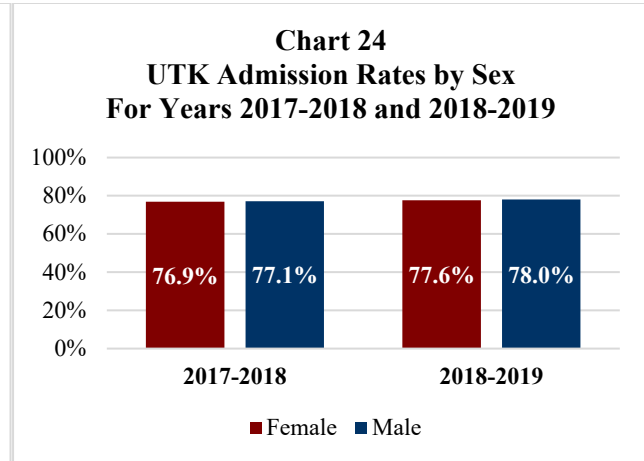
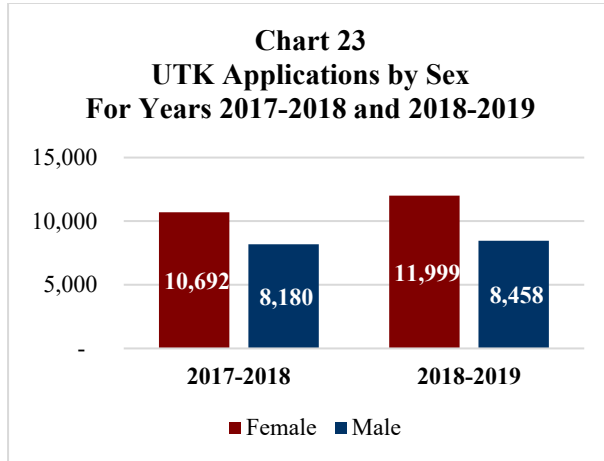
†Bachelor of science in medical laboratory science and master of science in clinical laboratory science, respectively.

‡The percentage presented in the table is the first-time pass rate for UTHSC graduates. UTHSC publishes that its students' National Board of Certification in Occupational Therapy exam pass rate is 100%; however, the 100% is for graduates who ultimately pass the exam within one year of graduation.

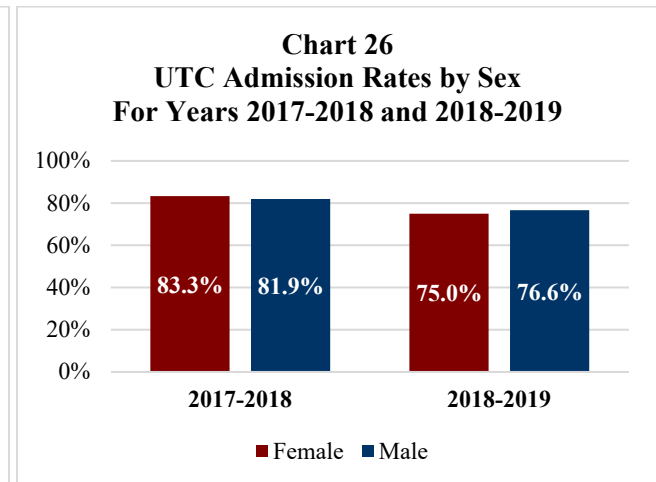
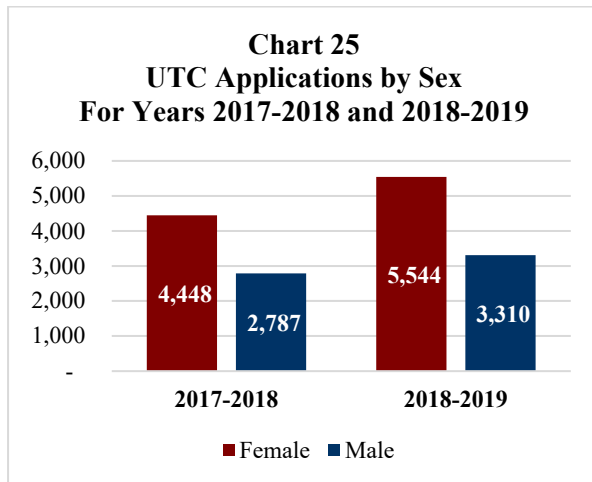
Source: Auditor analysis of first-time board pass rate data provided by UTHSC.

Results of Audit Work: Acceptance Rates Among Males and Females at UTK, UTC, UTM, and UTHSC

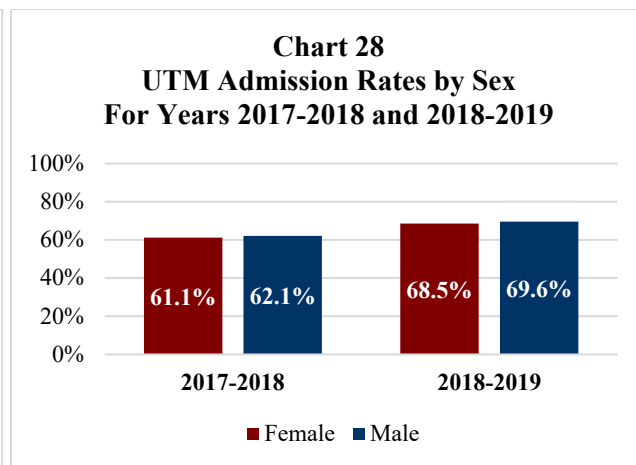
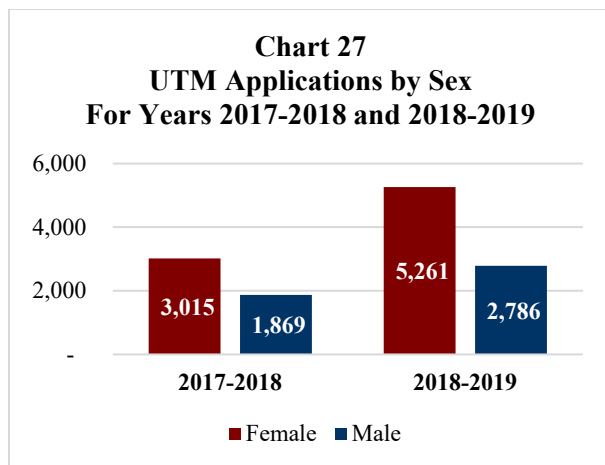
To determine whether there was a significant divergence in acceptance rates between female and male applicants to UTK, UTC, UTM, and UTHSC, we analyzed the number of applications, as well as the resulting number of admissions, by sex. Although more females than males applied to UTC, UTK, and UTM, we did not detect a significant divergence in acceptance rates (the percentage of applicants accepted for admission by the college) between the two cohorts. We exhibit the number of applicants by sex as well as the admission percentage in **Charts 23-30**.



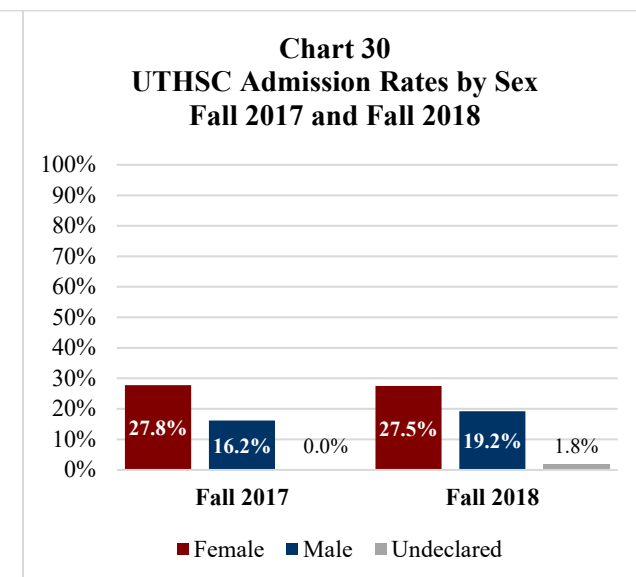
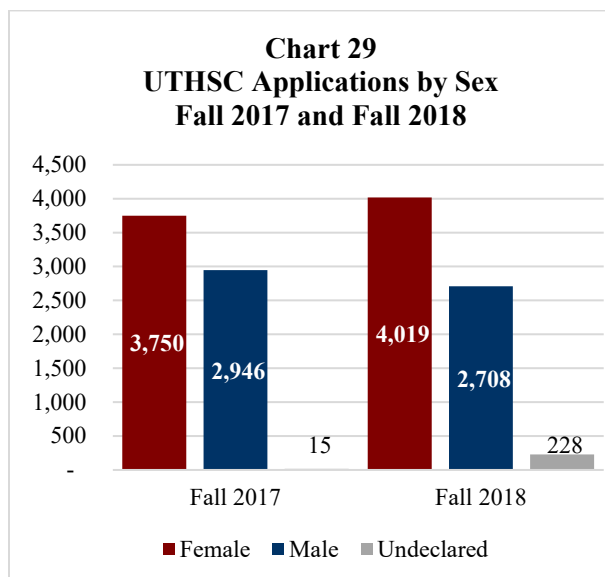
Source: Auditor analysis of admission data provided by UTK.



Source: Auditor analysis of admission data provided by UTC.



Source: Auditor analysis of admission data provided by UTM.

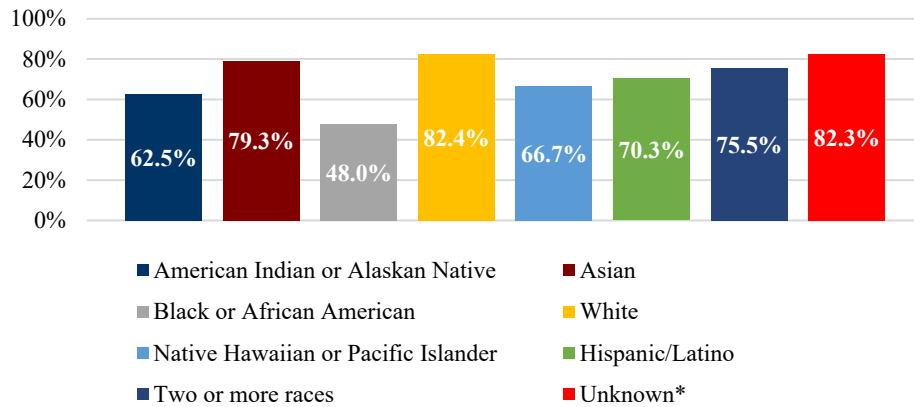


Source: Auditor analysis of admission data provided by UTHSC.

Results of Audit Work: Acceptance Rates Between Different Races and Ethnicities at UTK

To determine whether there was a significant divergence in acceptance rates between different races and ethnicities at UTK, we analyzed the number of applications and the resulting number of admissions by race/ethnicity. We present the acceptance rates by race/ethnicity in **Chart 31**.

Chart 31
UTK Admission Rates by Race/Ethnicity
Fall 2018

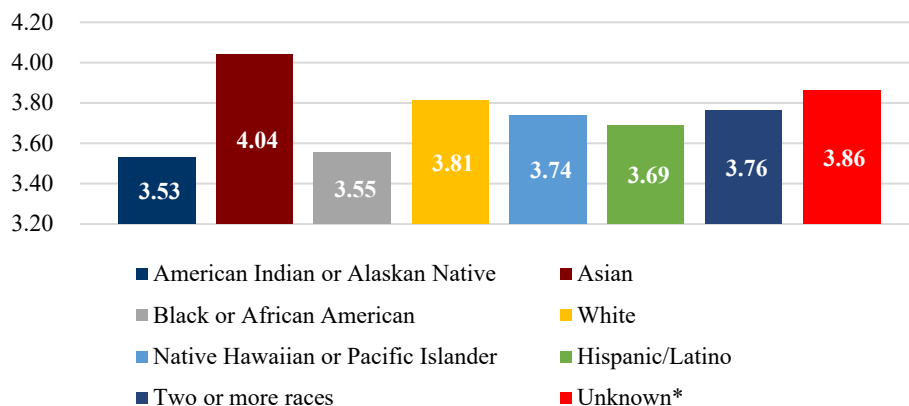


*Unknown includes nonresident alien students.

Source: Auditor analysis of admission data provided by UTK.

Based on our review of 2018 admission rates by race/ethnicity, we determined that applicants who identified as black or African American had a significantly lower acceptance rate than the average acceptance rates of applicants who identified as other races and ethnicities. The overall average rate of acceptance for applicants was 70.9%; however, applicants who identified as black or African American had an aggregate average acceptance rate of 48%. To follow up on this identified divergence, we performed additional analytical procedures on other applicant data, as shown in **Charts 32** and **33**:

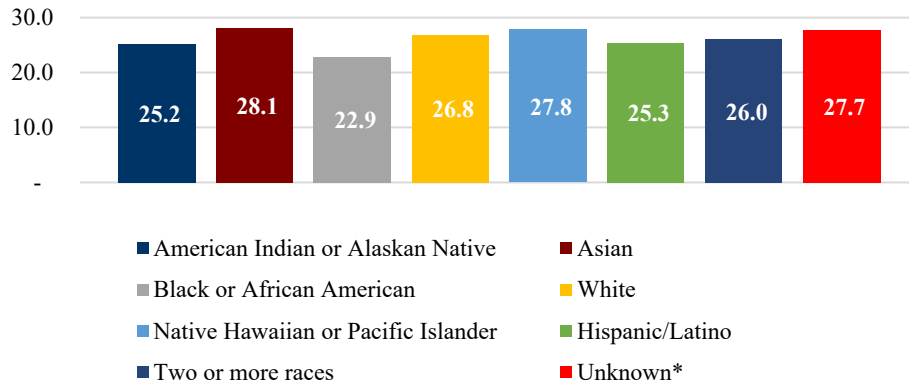
Chart 32
UTK Average GPA of Applicants by Race/Ethnicity
Fall 2018



*Unknown includes nonresident alien students.

Source: Auditor analysis of admission data provided by UTK.

Chart 33
UTK Average ACT Scores of Applicants by
Race/Ethnicity
Fall 2018



*Unknown includes nonresident alien students.

Source: Auditor analysis of admission data provided by UTK.

Our analysis revealed that applicants who identified as black or African American had an average weighted high school GPA of 3.55. The average weighted high school GPA for all UTK applicants was 3.79; additionally, the average weighted high school GPA for UTK admitted students was 3.93.

Furthermore, we found that UTK applicants who identified as black or African American had a significantly lower aggregate average ACT score (22.9) than the UTK applicant average (26.4) as well as the UTK average for admitted students (27.7).

TUITION AFFORDABILITY



UT Martin Campus

Source: <https://www.utm.edu/departments/publicsafety/parking.php>

TUITION AFFORDABILITY

Tuition often represents students' largest expense, and the UT campuses are no exception. Research shows that student debt has increased significantly and that high student debt burdens may delay traditional milestones such as homeownership,⁵⁹ marriage and children, and retirement savings.⁶⁰ Thus, tuition affordability has emerged as a key issue among higher education institutions.

UT System Tuition Usage and Budget

Student tuition and fees, state appropriations, and other revenue sources (such as federal appropriations, grants, contracts, and payments for services)⁶¹ primarily fund the UT System's core operations. These core operations include instruction, institutionally funded research, public service, academic support, student services, institutional support, facilities operations and maintenance, and institutionally funded scholarships and fellowships.

For fiscal year July 1, 2018, to June 30, 2019, the UT System budgeted \$719.5 million for tuition and fees and \$592.8 million for state appropriations. The remaining 11% of budgeted unrestricted general and education funds consists of \$168.7 million of other revenues. We exhibit a funding source breakdown in **Chart 34**.

Tuition and Other Fees

The term "tuition" is often applied to the total amount of mandatory fees students pay to a university each semester. **Tuition**, or general maintenance fees, is the largest fee UT students pay, and it varies in amount between UT schools and by the number of hours enrolled per semester.

Schools also charge students **other required fees** each semester. These fees vary in amount and type between schools, but they typically include technology fees, facilities fees, and library fees and are designed to mitigate the cost of student-related amenities.

Students may also pay certain **optional fees**, such as student housing or meal plans. Specific programs, such as architecture or business, may also require additional fees, known as **differential tuition**.

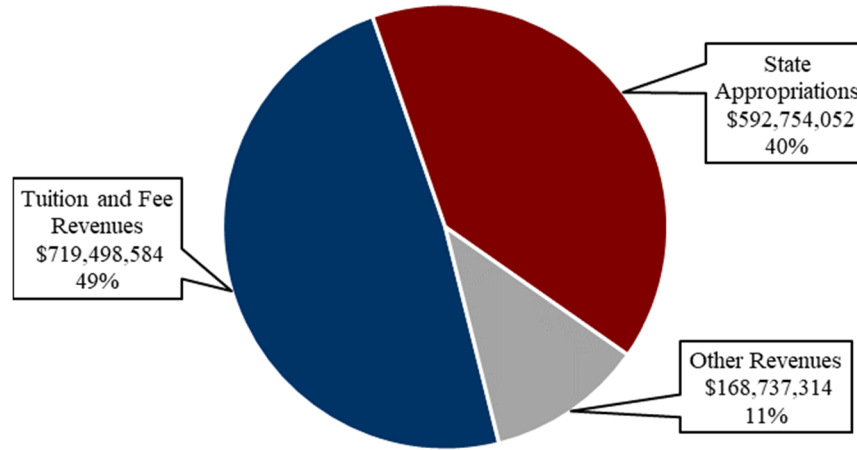
For our review of tuition and affordability, we included the cost of tuition for a full-time student as well the cost of all enrollment-required fees. We did not include optional fees or program-specific fees.

⁵⁹ Paul Fain, "More on Student Debt and Declining Home Ownership," *Inside Higher Ed* (January 17, 2019): <https://www.insidehighered.com/quicktakes/2019/01/17/more-student-debt-and-declining-home-ownership>.

⁶⁰ Daisy Maxey, "Student Loans Keeping You From Saving for Retirement? You're Not Alone," *Barron's* (August 11, 2019): <https://www.barrons.com/articles/student-loans-keeping-you-from-saving-for-retirement-youre-not-alone-51565526601?mod=RTA>.

⁶¹ In accounting jargon, the student tuition and fees, state appropriations, and other revenue sources described represent unrestricted education and general funds. Restricted funds, which are primarily grants, contracts, gifts, and endowments, must be used in accordance with purposes established by external parties. Typically, this includes directed research, scholarships, and fellowships.

Chart 34
UT System Budgeted Unrestricted General and Education Funds
Fiscal Year July 1, 2018, to June 30, 2019



Source: UT System Budget for 2018–2019.

We present further information on revenues and expenses in **Appendix 2**.

Board Oversight

Pursuant to Section 49-9-209(d)(1)(F), *Tennessee Code Annotated*, the UT Board of Trustees has “full authority and control over all university funds, whether appropriated from state revenues or institutional revenues, except authority to reallocate funds appropriated for a specific purpose or funds appropriated pursuant to the outcomes-based funding formula, and shall annually adopt an operating budget [and] set tuition and fees.” The UT Board reviews and approves tuition and fee amounts for each campus separately. Section 49-9-209(d)(1)(K) further establishes that the UT Board must “evaluate student financial aid in relation to the cost of attendance and approve any necessary policies to improve the availability of financial aid that are in the best interest of students, the university, and the state.”

In addition to UT Board oversight, tuition increases require approval by the Tennessee Higher Education Commission (THEC) and must fall within a THEC-established tuition increase range. According to Section 49-7-202(n), *Tennessee Code Annotated*, THEC has the following tuition-related responsibilities and powers:

- (1) The commission [THEC] shall review annually tuition and other institutional fees charged to students attending state institutions of higher education.
- (2) Following this review, the commission shall approve annually a tuition and fee policy binding upon all state institutions of higher education. This tuition policy shall apply only to tuition and fees charged to undergraduate students classified as Tennessee residents, commonly referred to as in-state tuition or maintenance fees.

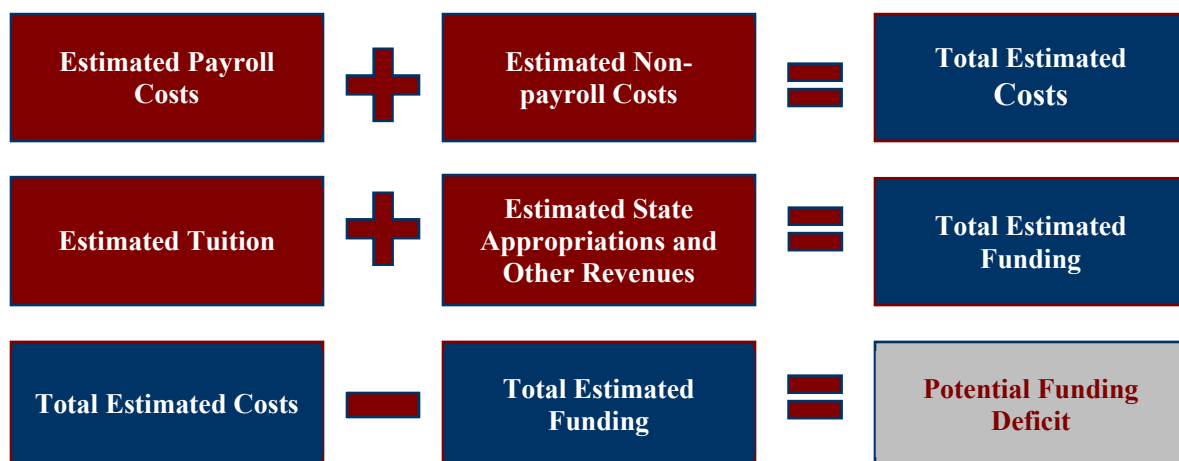
- (3) The tuition policy shall include two (2) approved ranges of allowable percentage adjustment:
 - (A) One (1) range for any proposed modification to the current tuition rates; and
 - (B) One (1) range for any proposed modification to the combined total amount of tuition and all mandatory fees assessed.
- (4) Institutions may adopt tuition and fee adjustments within the commission's approved policy ranges, but no increase shall exceed the maximum percent adjustment approved by the commission.
- (5) Tuition-setting authority for undergraduate students not classified as Tennessee residents and all graduate-level students shall be the sole responsibility of the institution's respective governing board.

In the 2017–2018 school year, THEC began issuing a statutorily binding tuition range, which governs the percentage a Tennessee university can raise its tuition and mandatory fees each year. For the 2019–2020 school year, the THEC binding range is 0% to 2.5%.

Tuition-setting Process

Each UT campus uses a funding-based model to determine if and how much to raise tuition at that campus. The UT Board determines the necessity of increasing tuition based on whether the campus will have a **funding deficit** for its core operations. A funding deficit occurs when the campus's **total estimated costs** exceed its **total estimated funding** for its core operations. We illustrate this process in **Chart 35** and describe it in the paragraphs that follow.

Chart 35
Potential Funding Deficit Determination Summary



Source: Auditor-constructed illustration based on discussions with UT System staff.

The UT System's Office of the Chief Financial Officer starts the tuition-setting process by calculating the **total estimated costs** for that year. The office first uses the prior year's salary

information and then estimates the increase in salary costs. The sum of these figures allows the office to estimate the **payroll costs** for the year. The office then estimates any changes in fixed costs and other **non-payroll costs** for each campus by using a THEC-provided inflation percentage to add to the prior year's costs. Finally, the office adds the payroll and non-payroll amounts for each campus to estimate the campus's total estimated costs.

To determine the amount of funding available, the office estimates the amount of funding derived from current-year tuition and fees. The office then adds the amount of **state appropriations** from the previous school year for each campus. The Martin, Knoxville, and Chattanooga campuses are "formula" campuses, meaning they are appropriated funding using the THEC outcomes-based funding formula. The other campuses and institutes are "specialized units," which means their state funding is not appropriated using THEC's funding formula. Finally, the office estimates **other estimated revenue sources** for core operations, such as federal appropriations and grants intended for core operations.

When total estimated costs exceed total estimated funding, the campus has a **potential funding deficit**, and it uses additional revenue from a tuition increase to fill the funding gap. This is considered an **inflationary tuition increase**. When total estimated funding exceeds total estimated costs, the campus must inform the office how the campus will utilize the funds. Additionally, a campus may be aware of specific operating costs in excess of THEC's inflationary multiplier, such as specific academic or campus projects that fall within the campus's core operations. In such instances, the campus must submit a justification to the office for a **non-inflationary tuition increase** to cover those costs.

Even if a campus has a non-inflationary tuition increase, the total increase in tuition may not exceed the THEC binding tuition cap, which is 2.5% for the 2019–2020 school year. Although THEC includes all mandatory fees for in-state undergraduate students in its tuition cap, **differential tuition** is not included.

Differential Tuition

Students enrolled in certain programs at each campus have to pay differential tuition, or special fees that apply only to a particular college. The UT Board has authority over differential tuition, which can only be approved and used for specific funding needs. Four academic colleges at the Knoxville campus and five academic colleges at the Chattanooga campus had differential tuition for the 2018–2019 school year. At UTK, the following colleges used differential tuition:

1. Business,
2. Nursing,
3. Engineering, and
4. Architecture and Design.

The following colleges at UTC used differential tuition:

1. Business,

2. Engineering,
3. Nursing,
4. Occupational Therapy, and
5. Physical Therapy.

The UT Board reviews differential tuition amounts and uses each year. As of the 2018–2019 school year, neither UTM nor UTHSC had used differential tuition.

Tuition at Each Campus

In the sections that follow, we have provided summaries of the tuition amounts for the UTK, UTC, UTM, and UTHSC campuses. These summaries include the tuition and mandatory fees for in-state, first-time undergraduate freshmen enrolling in at least 12 hours for the semester. We compared the tuition for the last 10 years to 4 of the campus's peer institutions, based on the availability of peer information as well as the geographic location of the institution (with a focus on the institutions closest to Tennessee). We have also compared the average amount of student loan debt for each student upon graduation to the average of 4 of the institution's peers over the past 5 years.

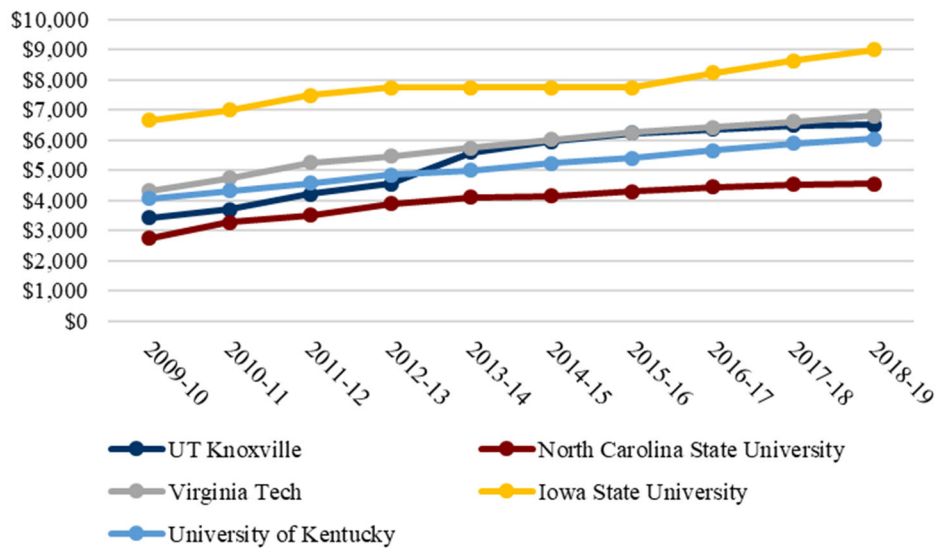
UT Knoxville

At UTK, for the 2019–2020 fiscal year, the UT Board approved a 2% tuition and fee increase, which is a \$258 increase from the 2018–2019 fiscal year. The majority of the increase is for tuition, but it also includes a \$26 increase to the student programs and services fee, which will be used toward a recreational sports project anticipated for the 2023–2024 fiscal year. The UT Board also approved a \$10 library fee increase, which the campus will use to help offset annual inflation rates. See **Charts 36** and **37** for tuition increase details.

Tuition Rates – Other Factors

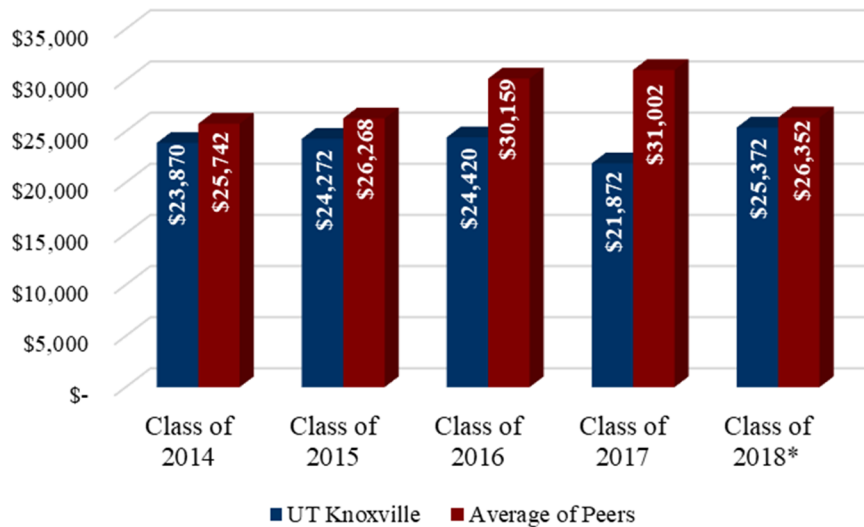
When reviewing tuition and financial aid information, it can be useful to consider that most students receive at least one scholarship, grant, discount, or waiver that reduces the student's cost to attend college. According to university administration, only about 10% to 15% of students pay the full tuition price. Additionally, when comparing peer institutions, the amount of state funding each institution receives, as well as out-of-state student enrollment, can affect how much an institution charges for tuition. An institution that receives a large amount of state funding or has a large number of out-of-state students, who pay a higher tuition rate, can charge its in-state students a lower tuition rate.

Chart 36
UTK Tuition and Fees by Semester Compared to Peer Universities
School Years 2009–2010 to 2018–2019



Source: Auditor analysis of online tuition information.

Chart 37
UTK Average Student Loan Debt for Students Who Graduated with Debt
Compared to Peer Universities, Years 2014 to 2018



*Only two of UTK's four peers had reported class of 2018 student loan debt data as of June 2019.

Source: Auditor analysis of online student debt information. UTK data obtained from UT management and Common Data Set.

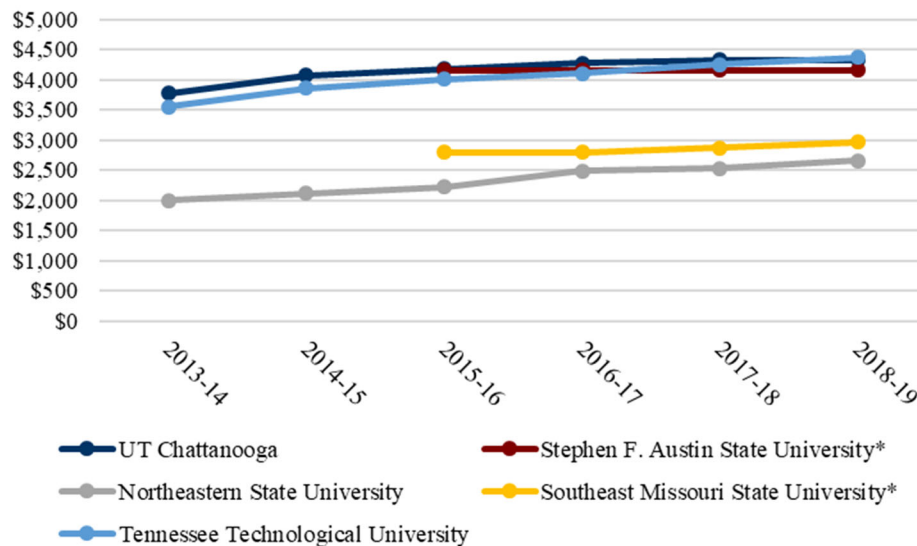
UT Chattanooga

At UTC, for the 2019–2020 fiscal year, the UT Board approved a 2.5% tuition and fee increase, which amounted to a \$216 increase from the 2018–2019 fiscal year. UTC will also have

a new tuition structure called “Soar in Four” for new students starting in the fall 2019 semester. The program is similar to programs already established at UTK and UTM. Students entering under the Soar in Four program will pay a flat rate of \$4,828 per semester for 15 credit hours or more instead of the current rate, which is based on 12 hours a semester. The goal of the program is to encourage students to take at least 15 hours a semester and should enable students to graduate in 4 years. THEC staff assessed the new tuition model in light of its binding range and other policies and determined that the new tuition model complies.

In the tuition comparison in **Charts 38** and **39**, we have only shown six years of tuition data due to the lack of readily available information for peer institutions.

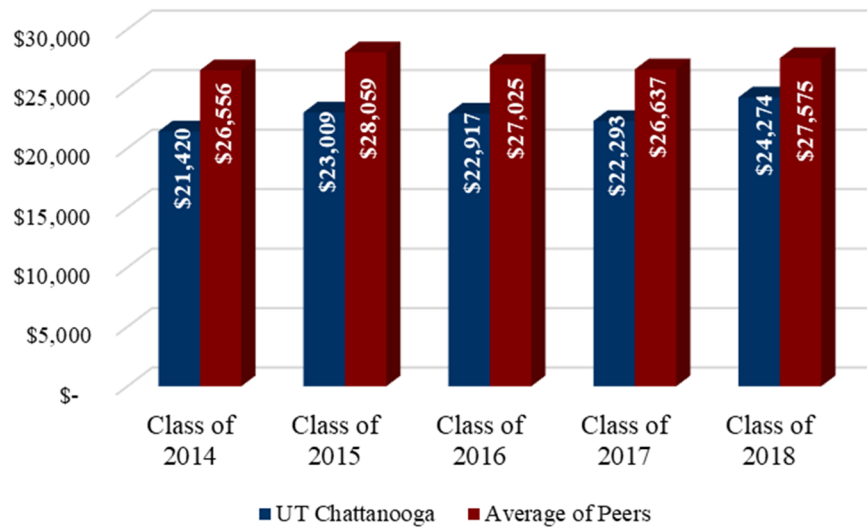
Chart 38
UTC Tuition and Fees by Semester Compared to Peer Universities
School Years 2009-2010 to 2018-2019



*We have only presented four years of tuition information for Stephen F. Austin State University and Southeast Missouri State University due to the lack of readily available information.

Source: Auditor analysis of online tuition information.

Chart 39
UTC Average Student Loan Debt for Students Who Graduated with Debt
Compared to Peer Universities, Years 2014 to 2018

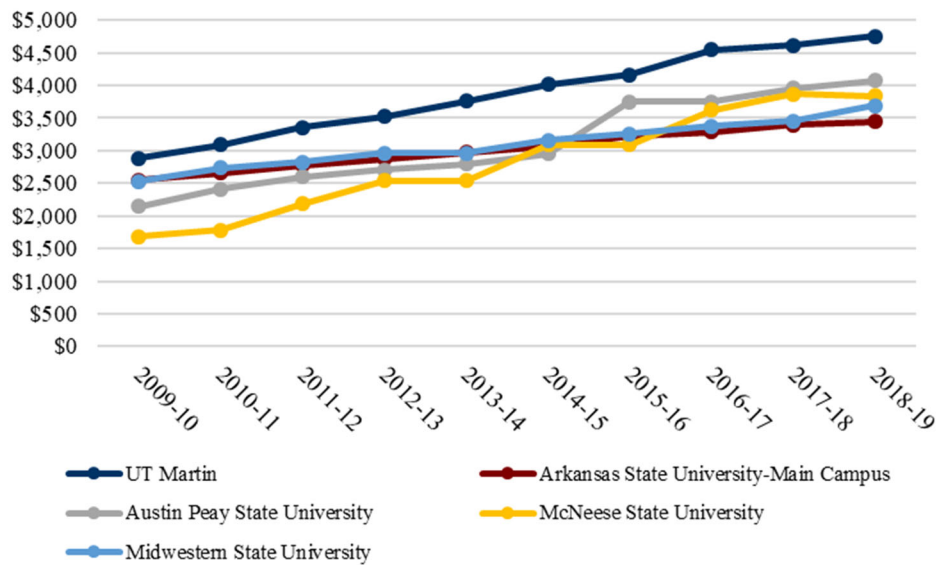


Source: Auditor analysis of online student debt information. UTC data obtained from UT management and Common Data Set.

UT Martin

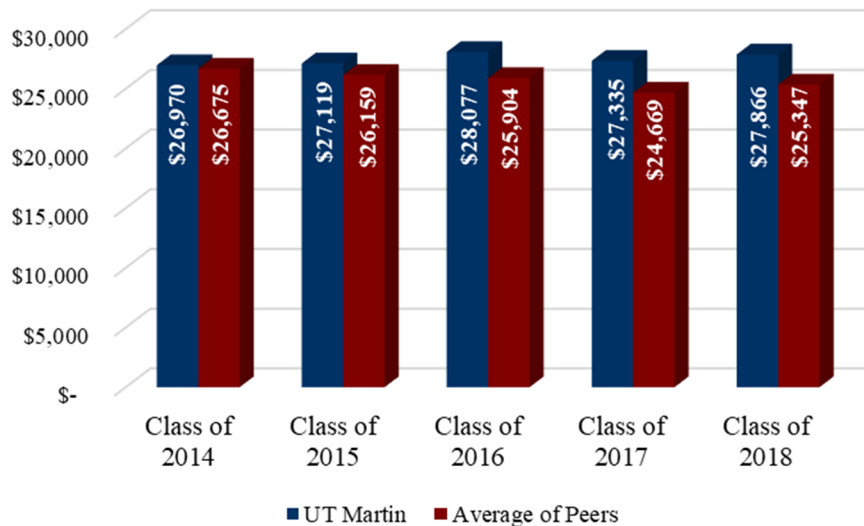
At UTM, for the 2019–2020 fiscal year, the UT Board approved a 2.5% tuition and fee increase from the 2018–2019 fiscal year, which equates to a \$236 increase. The increase will cover the campus’s growth in costs of providing programs to students. **Charts 40** and **41** show both UTM’s tuition and the average amount of student loan debt per graduate compared to peer institutions.

Chart 40
UTM Tuition and Fees by Semester Compared to Peer Universities
School Years 2009–2010 to 2018–2019



Source: Auditor analysis of online tuition information.

Chart 41
UTM Average Student Loan Debt for Students Who Graduated with Debt
Compared to Peer Universities, Years 2014 to 2018

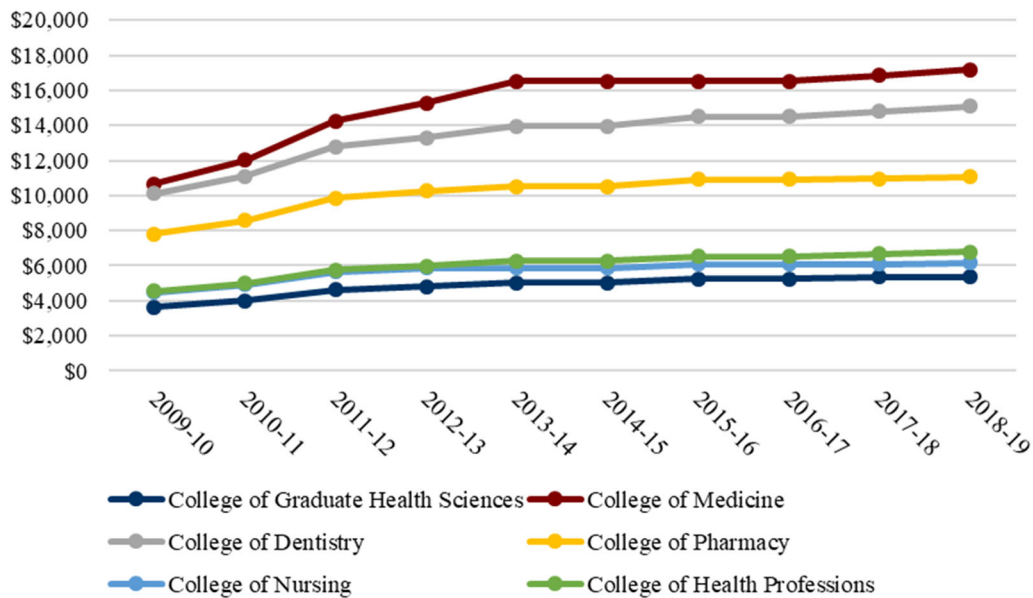


Source: Auditor analysis of online student debt information. UTM data obtained from UT management and Common Data Set.

UT Health Science Center

Each of UTHSC's 6 colleges has its own tuition rates. In the comparison in **Chart 42**, we have shown the change in tuition for each of UTHSC's 6 colleges over the past 10 years.

Chart 42
UTHSC Tuition* by Semester by College
School Years 2009–2010 to 2018–2019



*The chart does not include other required fees since these fees vary by both college and program.
Source: Auditor analysis of online tuition information.

UT Promise Scholarship Program

In the annual “State of UT Address” on March 14, 2019, the Interim President announced the creation of the UT Promise financial aid program, a last-dollar scholarship program that guarantees free tuition and fees for students with a family household income of under \$50,000, starting with the fall 2020 semester. Students must qualify for the HOPE scholarship⁶² and meet the academic qualifications for entry into the UT institution to which they are applying. (See **Freshman Admission Requirements**⁶³ callout box.) Accordingly, the UT Foundation established the UT Promise Endowment to fund the program. Until the UT Promise Endowment is created and funded, the UT System will pay for the program

Freshman Admission Requirements

UTK: Competitive holistic approach considering core GPA; ACT or SAT super scores; rigor of high school curriculum; extracurricular or leadership activities; short essay; awards; and special skills or talents.

UTC: Graduation from an accredited high school; 2.85 GPA and score of 18 on the ACT or 960 on the SAT; or 2.5 GPA and score of 21 on the ACT or 1060 on the SAT.

UTM: If graduating from an accredited high school, either 2.7 GPA and score of 21 on the ACT or 980 on the SAT, or 3.0 GPA and score of 19 on the ACT or 900 on the SAT. If graduating from a non-accredited high school, 2.85 GPA and score of 21 on the ACT or 980 on the SAT.

⁶² The Tennessee HOPE scholarship program is available to students who have been residents of Tennessee for at least one year and graduated from any eligible high school in the state. To be eligible, students must meet certain academic performance standards: receiving at least a 21 on the ACT or a 1060 on the SAT and having a 3.0 or above GPA. Students also are required to complete the FAFSA (Free Application for Federal Student Aid) application and to enroll full-time at an eligible college within 16 months of graduating high school.

⁶³ We discuss admission requirements in more detail in the **Strategic Plans and Performance Measures** section.

with savings. The program will also require students to be assigned a volunteer mentor and to complete four hours of community service each semester.

Audit Results

- 1. Audit Objective:** In compliance with Section 49-9-209(d)(1)(F), *Tennessee Code Annotated*, did the UT Board approve the annual operating budget for the UT System, including the establishment of tuition and fees?

Conclusion: The UT Board approved the annual operating budget for fiscal years 2017 through 2020.

- 2. Audit Objective:** Given the UT Board's responsibilities in Section 49-9-209(d)(1)(K), *Tennessee Code Annotated*, to "evaluate student financial aid" and "approve any necessary policies to improve the availability of financial aid," before the Interim President announced the creation of UT Promise, did the UT Board approve the program and take steps to ensure the program was in the state's best interest, analyzing issues such as costs, funding mechanisms, and the program's impact on the locally governed institutions and community colleges?

Conclusion: We did not receive evidence that the UT Board either approved the UT Promise program prior to the Interim President's announcement or ensured the program would operate in the best interest of the entire UT System, as well as the state's other four-year and two-year public institutions. See **Finding 2** and **Finding 12**.

- 3. Audit Objective:** Did the UT Board ensure that the UT System followed best practices in setting tuition and fee rates (including differential tuition for programs such as engineering and nursing)?

Conclusion: The UT Board ensured that the UT System used a funding-based model, including for differential tuition.

- 4. Audit Objective:** Did the UT Board ensure that each campus had a justifiable explanation for setting different tuition and fee rates?

Conclusion: The UT Board ensured that each campus had a justifiable explanation.

- 5. Audit Objective:** Were the tuition and fee rates, as well as average student indebtedness upon graduation, for each UT campus comparable to their self-selected peer universities?

Conclusion: Tuition rates, fee rates, and student loan debt for each UT campus were similar or lower than their peers' data, except for UTC's tuition and UTM's tuition and student loan debt.

6. Audit Objective: Did the Tennessee Higher Education Commission (THEC) influence the establishment of tuition and fee rates for the UT System?

Conclusion: THEC established a binding range for tuition and fees that universities are statutorily required to comply with when setting tuition and fees.

Methodology to Achieve Objectives

To determine if the UT Board approved the annual operating budget and the UT Promise program, we interviewed the UT Board Chair, the Audit and Compliance Committee Chair, and administration officials from across the UT System; and attended the June 21, 2019, committee and board meetings. We also reviewed the UT Board's "Policy on Approval of Student Fees;" meeting minutes from June 2017 to March 2019 for the entire board, the Finance and Administration Committee, the Executive Committee, and the Subcommittee on Tuition, Fees, and Financial Aid; the initial press release for the UT Promise; and the UT Promise website.

To determine if the UT Board ensured the UT System followed best practices when setting tuition and fees; if the UT Board had a justifiable explanation for setting different tuition and fee rates for each campus; and how THEC influences the establishment of tuition and fees, we interviewed the UT System's Chief Financial Officer and the THEC Executive Director and received guidance from the UT Assistant Vice President of Budget and Planning. Additionally, we reviewed the following documents:

- THEC's 2019–2020 Student Fee Recommendations;
- THEC's Commission Guidance Regarding Implementation of the FOCUS Act memo;
- THEC's 2019–2020 Funding Recommendations PowerPoint;
- the UT Board's Policy on Approval of Student Fees;
- the Report on Use of Differential Tuition Funds at UTK; and
- the Report on Use of Differential Tuition Funds at UTC.

To determine if each campus's tuition and fee increases were not in excess of the consumer price index (CPI) for the previous 10 years and to determine if each campus's tuition and fees and average student loan debt upon graduation were comparable to its peers, we obtained a breakdown of tuition and fees for the academic years 2009–2010 to 2018–2019 for the Knoxville, Chattanooga, Martin, and Health Science Center campuses; and student loan debt data for the class of 2014 through the class of 2018 for the Knoxville, Chattanooga, and Martin campuses. We also obtained equivalent data from each respective institution's peers. To analyze the tuition and student loan data, we selected four of each institution's peers, based on the availability of data, and found the variance between the campus and the average of its peers. We calculated the percent change in tuition over 10 years for each campus.

To achieve our UT Promise objective, we reviewed state statute; the UT Board's bylaws, minutes, webcasts, and committee charters; and information from the Chief Financial Officer. We

also interviewed UT Board members to gain an understanding of the UT Promise program and its approval process.

Finding 12 – The UT Board neither officially approved the UT Promise program nor ensured management assessed the program’s long-term impact

Section 49-9-209(d)(1)(K), *Tennessee Code Annotated*, establishes that the UT Board of Trustees will “evaluate student financial aid in relation to the cost of attendance and approve any necessary policies to improve the availability of financial aid that are in the best interest of students, the university, and the state.” The charter of the UT Board’s Finance and Administration Committee (the committee) additionally identifies committee responsibilities related to student financial aid:

- Item 3 specifies that the committee should recommend to the full UT Board “any proposal for waiver or discount of student tuition and fees unless mandated by state law.”
- Item 5 states that the committee’s responsibilities include recommending to the UT Board “any policies to improve the availability of financial aid deemed necessary and in the best interests of students, the University, and the state following a periodic evaluation of student financial aid in relation to the cost of attendance.”

Furthermore, the U.S. Government Accountability Office’s *Standards for Internal Control in the Federal Government* (Green Book) assigns oversight bodies responsibility for an organization’s control environment. In Principle 2, “Exercise Oversight Responsibility,” the Green Book establishes in Section 2.03 that members of an oversight body should provide “constructive criticism to management” and in Section 2.08 that they should “scrutinize and question management’s activities” and “present alternative views.”

We do not have evidence that the UT Board fulfilled the responsibilities delineated in state law, the committee charter, or the Green Book with regard to the UT Promise program.



Approval of UT Promise

Neither the full UT Board nor the Finance and Administration Committee officially approved the UT Promise program. The Chief Financial Officer of the UT System, the Chair of the UT Board, and the Chair of the UT Board’s Audit and Compliance Committee asserted to us that board approval was unnecessary. According to the Chief Financial Officer, “the program is not a cost increase that has to be funded. Rather it is a potential revenue decrease. Revenues and expenses are constantly fluctuating. We determined the amount of potential revenue loss was within an amount we could manage.”

The Chief Financial Officer additionally said that UT Promise will be funded by unrestricted educational and general funds. Per the UT System’s 2019-2020 proposed budget,

these funds “support the core operations of the university, which include instruction, institutionally funded research, public service, academic support, student services, institutional support, facilities operations and maintenance, and institutionally funded scholarships and fellowships. They are funded primarily through student tuition and fees and state appropriations.” Therefore, any revenues used to fund UT Promise could reduce monies available for other educational and general functions. (See discussion below in the *Effect on Chattanooga and Martin Campuses* subsection.)

For further clarification, we spoke with the UT Board Chair and the Audit and Compliance Committee Chair. They both understood that the UT Board did not need to approve UT Promise, as scholarship programs already reside under the President’s authority. Based on our review, neither state statute nor the UT Board’s bylaws explicitly grant the President the authority to waive tuition or to establish scholarships. Section 7.1 of the UT Board’s bylaws, which defines the President’s duties, does state, “The President has ultimate responsibility for leading the University academically, administratively, and financially.” However, this section adds, “The President is . . . subject to the direction and control of the Board of Trustees.”

The bylaws further state that the UT Board is responsible for exercising full authority and control over UT System funds, and Section 49-9-209(d)(1)(K), *Tennessee Code Annotated* requires the UT Board to “evaluate student financial aid in relation to the cost of attendance and approve any necessary policies to improve the availability of financial aid that are in the best interest of students, the university, and the state.” Because no dedicated external funding currently exists, any associated expenses must be covered by the current operating budget.

Moreover, the UT Board Chair informed us that the Interim President had only briefly discussed UT Promise with him prior to the “State of UT Address” and at that time he advised the Interim President to inform the other UT Board members prior to a public announcement. The Interim President stated that he met with each board member individually to discuss UT Promise.

Assessment of UT Promise

Regardless of UT Promise’s status as a discount or scholarship, the UT Board did not demonstrate that it followed the Section 49-9-209(d)(1)(F), *Tennessee Code Annotated*, requirement “to take all actions necessary and appropriate to ensure the financial stability and solvency of the University of Tennessee system.” Additionally, the Association of Governing Boards’ *AGB Board of Directors’ Statement on the Fiduciary Duties of Governing Board Members* dictates that the UT Board should demonstrate a fiduciary duty, specifically a duty of care, over the financial well-being of the UT System. According to the AGB,

Under the duty of care, governing bodies of colleges and universities are responsible for both the short- and long-term financial health of the institution and achievement of the goal of preserving the institution and its resources for future generations.

Cost of Program

At a March 20, 2019, Senate Education Committee hearing, the Interim President stated that the average household income in Tennessee is \$48,000. Therefore, the UT System expects UT Promise to serve approximately **2,000 students per year at an estimated cost of \$5.9 million.**

We discussed cost calculations with the Chief Financial Officer, who told us that UT System and individual campus representatives worked on UT Promise models from October 16, 2018, to February 21, 2019, and that final cost models were completed on February 21, 2019, except for UTC's revisions on March 6, 2019. The Chief Financial Officer expressed his belief to us that this amount is immaterial to the UT System.

Effect on UT Campuses

We also found that prior to the program's announcement, UT System management and UT Board members could not provide evidence that the UT Board considered the program's impact on all UT campuses.

UT Knoxville Scholarship Programs

The **Tennessee Pledge**, which the UT Board approved in 2005, is a four-year award offered to admitted freshmen with a family income of up to \$40,000. When combined with other federal, state, and institutional aid, the scholarship covers a student's direct costs—tuition, fees, and an average for on-campus room and board without the use of student loans.

The **Flagship Scholarship** combines the HOPE scholarship with other university scholarships to provide funds to assist with tuition and fees for up to four years at UTK. The award is available to any new first-year student who is admitted and enrolls at UTK from 1 of 32 eligible high schools.

The March 20, 2019, meeting of the UT Knoxville (UTK) advisory board included discussion about the UT Promise and its effect on not only the Knoxville campus, but also on the Chattanooga and Martin campuses. The advisory board concluded that the Knoxville campus is better equipped to absorb foregone tuition because of two previously established scholarship programs that overlap with the new UT Promise: Tennessee Pledge and the Flagship Scholarship. As such, the campus only needs to cover a \$10,000 income gap between the Tennessee Pledge, which stops at \$40,000 of income, and the UT Promise, which stops at \$50,000 of income. However, neither Chattanooga nor Martin have similar programs, meaning they must budget to cover the entire pool of UT Promise awards for their campuses.

UT System management and the UT Board also did not consider the percentage of students meeting the program's income threshold. UTK reported that 25% of its students (5,700 of 22,800) fall under the threshold. The Interim Chancellor speculated that both Martin and Chattanooga would have higher percentages of students under that threshold. He further advised the advisory board members that because the endowment has not been created, which could take 10 years, going forward every \$1 UTK spends to cover this gap is \$1 it will reallocate from the \$37 million it uses for Volunteer scholarships, which are for students with a 3.8 GPA and 29 ACT

score. Based on our review of UTM's and UTC's webpages, both have several institutional scholarships.

According to the UTM Vice Chancellor for Administration and Finance, UTM will have to rely on UT System funding assistance to cover the impact of the UT Promise. To that end, the vice chancellor stated that UT System administration has pledged to provide the necessary funding, but that UTM was not sure how many years the assistance will be necessary. The UTC Vice Chancellor for Administration and Finance and the UTC Vice Chancellor for Enrollment Management and Student Affairs indicated to us that UTC enrollment was already expected to increase and that the UT Promise will not affect the trajectory significantly. Additionally, the UTC vice chancellors stated that the UT Promise would be affordable for the UT System and that UTC's reserve account would cover any unforeseen costs to UTC during the implementation of the UT Promise.

Effect on Other State Institutions

Furthermore, the UT Board and UT System management could not provide evidence that they considered the enrollment implications UT Promise would have on other public institutions, including both two-year community colleges and colleges of applied technology as well as four-year universities.

For two-year institutions, UT Promise overlaps with—and even competes with—the Tennessee Promise scholarship. Enacted in 2014,⁶⁴ Tennessee Promise is a last-dollar scholarship that affords recent high school graduates the opportunity to complete an associate degree or certificate program free of tuition and mandatory fees at any of the state's 13 community colleges, 27 colleges of applied technology, or other eligible institutions offering an associate degree program. The UT Board Chair told us that UT Promise would not affect Tennessee Promise since the former applies to a four-year institution and the latter applies to two-year institutions; the UT Board Chair also indicated that he believed that the UT Promise would attract people who have opted out of attending college completely, including community colleges.

Based on our review of the *Tennessee Promise 2019 Annual Report*, most Tennessee Promise applicants for 2014 through 2017 fell below the \$50,000 adjusted gross income limit set by the UT Promise; therefore, such applicants would now qualify for the UT Promise. Additionally, enrollment increased significantly in community colleges after the creation of the Tennessee Promise (see **Table 19**). Based on the median applicant income, it is possible that students could forego Tennessee Promise altogether in favor of UT Promise, leading to significant enrollment declines at community colleges, especially those located near a UT campus.

⁶⁴ The General Assembly enacted Tennessee Promise in 2014 by Section 49-4-708, *Tennessee Code Annotated*, as part of the Governor's Drive to 55 initiative to increase the percent of Tennesseans with a postsecondary degree or credential to 55% by 2025. As described in Section 49-4-708(c)(1), *Tennessee Code Annotated*, students must enroll full-time at an eligible postsecondary institution in the fall semester immediately following high school graduation. This scholarship is intended to supplement existing financial aid; all other gift aid (including federal Pell grants, Tennessee Education Lottery Scholarships, and Tennessee Student Assistance Awards) must be applied first, and then Tennessee Promise covers the remaining balance of tuition and mandatory fees. To maintain the scholarship, students must complete eight hours of community service each term enrolled and maintain a 2.0 GPA.

Table 19
Tennessee Promise Change in First-Time Freshman Enrollment
Fall 2014 to Fall 2017

Institution Type	2014–2015	2015–2016	2016–2017	Overall Increase
Community College	27.7%	-6.4%	1.9%	21.8%
Locally Governed Institution (4-Year)	-5.6%	7.6%	5.1%	6.7%
University of Tennessee System	-5.5%	3.5%	2.9%	0.7%
Overall Growth	9.9%	-0.72%	3%	12.4%

Source: *Tennessee Promise 2019 Annual Report*.

We additionally inquired with the UT Board Chair about any enrollment implications UT Promise might have on the other four-year public universities. He responded that he would hope that these universities would implement a similar program. While at least one university president complimented UT Promise, the University of Memphis President noted the higher level of state funding the UT System receives, saying, “Give us comparable funding and I’ll do it tomorrow.”⁶⁵

The UT System touches each grand division of the state; therefore, a program of this magnitude may affect not only the UT campuses but also all state-run higher education institutions. The UT Promise could lead to financial difficulties for the smaller campuses even within the UT System, especially since the UT Promise Endowment may require 10 years to reach viability and, in the interim, may require a continual reallocation of other institutional scholarship funds or campus financial resources.

Recommendation

The Finance and Administration Committee should review the UT Promise program to analyze the impact and nature of the program on not only the full UT System (giving specific consideration to the endowment) but also on other state-run higher education institutions. After its analysis, the committee should present its conclusions and make any recommendations to the full UT Board. Additionally, the UT Board should adopt a policy regarding non-employee tuition discounts and waivers.

From this point forward, the UT Board should exert its authority over UT management, framing strategic discussions instead of allowing management to do so, in order to fulfill its oversight and fiduciary responsibilities.

Management’s Comment

Management does not concur. The report incorrectly cites *Tennessee Code Annotated* Section 49-9-209(d)(1)(K), the Finance and Administration Committee’s charter, and the “Green Book” as authority for this finding. Section 49-9-209(d)(1)(K) concerns the Board’s responsibility to approve “any necessary policies” to improve financial aid in the light of an evaluation of student financial aid in relation to the cost of attendance. UT Promise is not a policy; it is a scholarship

⁶⁵ Source: <https://www.dnj.com/story/news/2019/03/15/ut-promise-mtsu-austin-peay-university-memphis-college-scholarships/3161338002/>.

program like many other scholarship programs offered by the University. Likewise, UT Promise is not a “waiver or discount of student fees” as referenced in the Finance and Administration Committee charter. The campuses will fund and account for UT Promise as a scholarship (like all other institutional aid) and not as a fee waiver or discount. Endowment funds will simply help the campuses offset the institutional aid provided. And finally, the “Green Book” has not been established by any authoritative source as the standard against which the Board’s performance in this regard must be judged.

UT Promise will be implemented in the 2020-21 fiscal and academic year. It will merely increase the amount of institutional aid campuses are already providing. The FY 2019-20 budget includes \$115,038,571 for unrestricted E&G [education and general] scholarships and fellowships. The estimated cost of UT Promise would be approximately 5% of current institutional aid. Some of the current institutional aid may be repurposed to UT Promise students depending on each institution’s needs.

The University’s FY 2019-20 unrestricted E&G operating budget is \$1,543,306,258. The UT Promise estimate of \$5,723,350 is 0.37% of that amount.

Management asserts that the UT Promise scholarship is fully consistent with the state’s Drive to 55 workforce development initiative and that the long-term overall impact for UT campuses and the state as a whole will be positive.

Although Board approval of the UT Promise scholarship was not required, we acknowledge in hindsight that it would have been better to delay the announcement until a meeting of the Board could be scheduled to present UT Promise to the Trustees as an information item and provide them with an opportunity to ask questions.

Auditor Comment

Our recommendation is grounded not only on the plain language of the statute and the charter of the Finance and Administration Committee but also on our belief in the principle that matters of such significance as the UT Promise should be presented to the full UT Board and any appropriate committee for consideration and discussion prior to adoption and public announcement.

ATHLETICS PROGRAMS



Kathleen and Tom Elam Center, UT Martin.

Source: <https://utmsports.com/facilities/?id=3>.

ATHLETICS PROGRAMS

Three of the UT System’s primary campuses—UTK, UTM, and UTC—participate in various intercollegiate sports, such as football, basketball, and softball, and are members of the National Collegiate Athletic Association (NCAA), the regulatory membership body that governs intercollegiate athletics. The NCAA categorizes all three campuses into Division I, which comprises schools with the largest student bodies, athletic budgets, and number of sports scholarships. Division I is further divided by a school’s participation in football. UTK participates in postseason football bowl games; therefore, it belongs to the Football Bowl Subdivision (FBS). UTC and UTM participate in the NCAA-run football championship and belong to the Football Championship Subdivision (FCS). We provide a summary of each school’s athletics programs in **Table 20** below:

Table 20
Athletic Program Summaries as of Reporting Year July 1, 2017, to June 30, 2018

Campus	NCAA Sanctioning Body	Head Coaches	Assistant Coaches	Male Participants*	Female Participants*
Chattanooga	Division I FCS	13	27	124	104
Knoxville	Division I FBS	16	51	264	253
Martin	Division I FCS	16	32	239	186

*Unduplicated count of participants who participated on at least one varsity team, only counting individuals who participated in multiple sports once.

Source: Reports of Equity in Athletics from the U.S. Department of Education.

UT Board Oversight of Athletics

Pursuant to Section 49-9-209(d)(1)(J), *Tennessee Code Annotated*, the UT Board of Trustees is responsible for overseeing and monitoring “the operation of intercollegiate athletics programs of the university, including proposed actions reasonably anticipated to have a long-term impact on the operations, reputation, and standing of the intercollegiate programs or the university.” Prior to the UT FOCUS Act, statute directed the UT Board to form a standing athletics committee to review athletics operations and provide oversight. The UT FOCUS Act eliminated the requirement to form this committee but maintained the requirement to oversee and monitor athletics.

To initially assist the current UT Board in providing the statutorily mandated oversight and monitoring of athletics programs, the board formed the Special Committee on University of Tennessee Athletics Programs (special committee). The UT Board officially ratified the special committee on November 2, 2018, establishing that it would be composed of a chair and two members. The UT Board established the purpose of the special committee within the Committee Charge, exhibited on the following page.

Special Committee on University of Tennessee Athletics Programs
Committee Charge

Purpose

In accordance with applicable NCAA principles and rules, the Board of Trustees has delegated direct responsibility for administration and control of the intercollegiate athletics programs to the Chancellor of each campus with an athletics program. Nevertheless, the Board of Trustees must oversee and monitor the athletics programs and, through the President, hold the Chancellors accountable for the appropriate execution of their responsibility for administration and control of those programs.

In the exercise of the Board's oversight and monitoring responsibilities, this Special Committee on Athletics Programs shall carry out the following specific tasks to provide assurance to the Board of Trustees that the three athletics programs are operating effectively and in compliance with applicable University policies and NCAA and conference rules:

1. Recommending to the Board mission statements for the athletics departments that reflect the University's mission and academic values;
2. Recommending to the Board any Board policies necessary for the proper exercise of the Board's oversight responsibility with respect to intercollegiate athletics programs;
3. In consultation with the President and Chancellors, recommending to the Board standards of accountability and benchmarks against which to measure the success of the intercollegiate athletics programs;
4. Determining the adequacy of the compliance function within each athletics department, including the process for reporting and investigating alleged violations of NCAA rules;
5. Reviewing the policies and standards concerning admissions, academic progress, and academic integrity for student-athletes to determine whether they are generally consistent with policies and standards for the general student body; and
6. Recommending the kind of academic, fiscal, compliance, and other reports the full Board should receive on a regular basis concerning the intercollegiate athletics programs.

In carrying out this charge, members of the special committee must avoid involvement in the day-to-day operations of the athletics programs, including personnel matters and matters involving particular student-athletes.

We exhibit the list of current members of the special committee in **Appendix 1**. As established in the special committee’s charter, the special committee will dissolve on June 30, 2020, or when it fulfills its charge, whichever occurs first.

Athletics Programs Hiring

Although the UT Board is required by state law to oversee and monitor athletics programs, NCAA regulations prohibit the board’s direct involvement in hiring athletics staff. NCAA Division I Bylaw 11.3, “Compensation and Remuneration,” dictates that “the institution, as opposed to any outside source, shall remain in control of determining who is to be its employee and the amount of salary the employee is to receive within the restrictions specified by NCAA legislation.” Pursuant to NCAA regulations, the UT Board and its committees do not interfere in the hiring of campus athletics staff, allowing the campus to recruit, negotiate, and hire prospective employees.

Hiring Processes

Administrators at each campus designed hiring processes to fill staffing vacancies with personnel who have the appropriate experience and expertise and who align with the culture and goals of the campus. Internal controls within hiring processes ensure that the process complies with applicable federal, state, and regulatory requirements as well as internal policies. Campus athletics programs may follow each campus’s standard hiring process for employees; however, due to the dynamic staffing environment of collegiate sports, turnover in key athletics positions can occur quickly and unexpectedly, and colleges need the ability to react and replace directors and coaches expeditiously. To fulfill this need, campuses often rely on **expedited hiring processes** to identify hiring prospects, select the desired candidate, and ultimately fill these positions. Although each campus has its own policies and procedures for hiring, the distinctions between standard hiring processes and expedited hiring processes fall into two key areas (see **Table 21**).

UTK Athletics Hiring in the News

Over the past two years, the UTK Athletics Program has been involved in two linked, highly public, and criticized hiring searches. Both the previous head football coach and the previous athletic director were terminated within two months of one another. The current athletic director, who was then the acting interim director, ultimately hired the current head football coach.

A number of media outlets questioned the hiring practices used for both searches, as well as the final employment decisions.

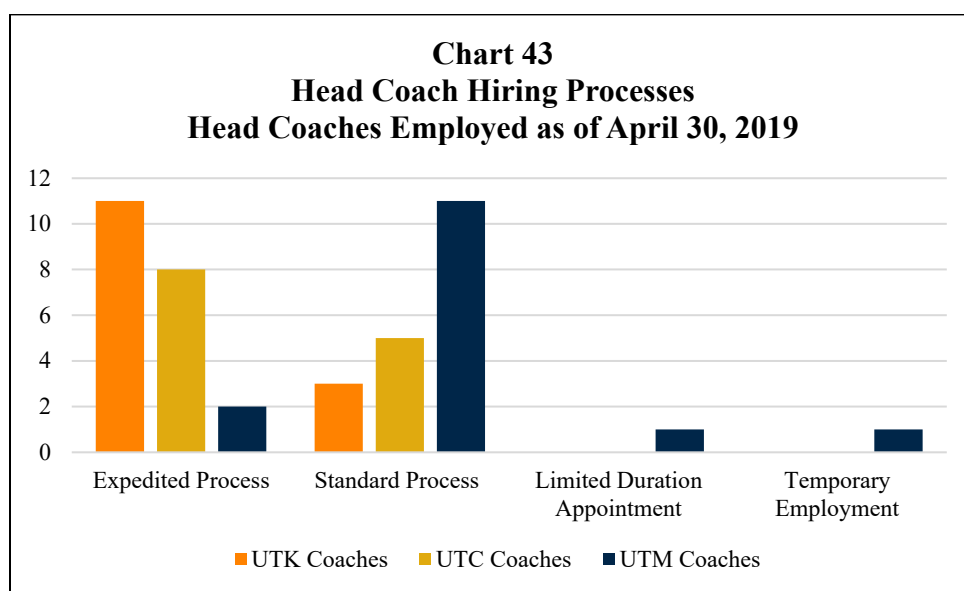
Table 21
Key Differences Between Standard and Expedited Hiring Practices
Hiring Procedures Effective April 30, 2019

Phase	Standard Process	Expedited Process
<i>Inception</i>	The division communicates the open position to campus Human Resources (HR).	The division receives HR’s approval to perform an expedited search or alerts HR that such a search is being conducted.
<i>Recruitment</i>	HR advertises the position, and the HR information system receives applications from interested applicants.	An individual or a search committee is charged with identifying and contacting potential candidates.

Source: Auditors created the table based on review of each campus’s hiring policies.

Athletics programs have two other employment methods to fill vacant positions. In certain instances, schools may use a **limited duration appointment (LDA)**, which is an immediate hiring agreement with a set, limited duration, usually up to 12 months with a possible extension to a total of 36 months. Due to the temporary nature of an LDA, these agreements are typically reserved for interim staff. Similarly, for temporary hiring needs, schools can also use **temporary employment**, or selecting a candidate with the requisite background and interest from a pool of temporary administrative staff, when a position becomes open.

After interviewing potential candidates and receiving recommendations from search committees, the ultimate decision of hiring an individual for a vacant position rests with the campus Chancellor or the applicable Vice Chancellor or athletic director. We exhibit the number of head coaches hired by each process for each campus in **Chart 43** below.

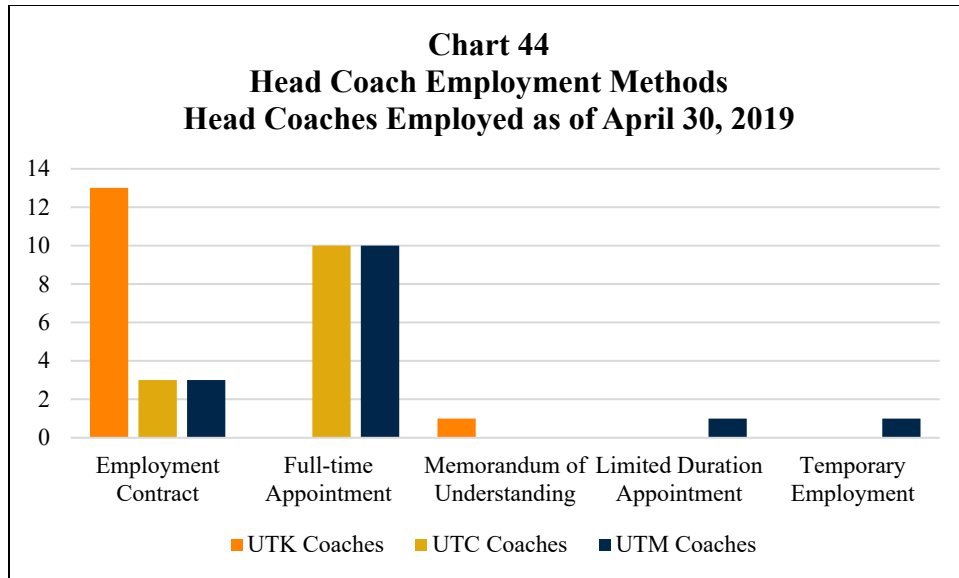


Source: Employment information provided by UT campuses.

Employment Agreements

UT campuses utilize different options to finalize the hiring process. First, the most commonly used employment agreement for athletic directors and coaches is a written **contract**, signed by school administrators and the employee. Standard contract provisions include monetary compensation; job duties; and the agreement length, typically between three and six years. After the school makes an offer and the employee accepts, the two parties may sign a **memorandum of understanding**, which is not legally binding but documents the agreement between both parties while the official contract is negotiated in good faith. When schools use an **LDA** to hire an employee, the school and employee sign an **LDA agreement**. Finally, campuses can also use standard hiring procedures used for all staff, including **full-time appointments** and **temporary employment**, where HR extends offers either by phone or by mail and the applicant accepts verbally or by signature.

We exhibit the number of head coaches each campus employs, by employment method, in **Chart 44**.



Source: Employment information provided by UT campuses

Contracts and Early Termination

Contracts stipulate the amount of salary to be received over a given period, and they also include provisions for early termination by either party. Both the institution and the employee rely on contracts to mitigate certain financial risks by negotiating these early termination provisions. Often referred to as “buyouts,” contracts may include provisions for the athletic director or coach to leave the UT System and take employment elsewhere in exchange for paying the system an agreed-upon sum. Likewise, directors and coaches negotiate similar provisions for early termination by the system, mandating either the full payment of owed salary, offset by future earnings, or an adjustable sum dictated by time. Additionally, the UT System and the former employee may renegotiate early termination payments to avoid legal action.

Universities include “termination for cause” provisions, which may eliminate the need to compensate the director or coach after termination for specific failures in duties; however, including too many of these provisions may dissuade a hiring target from joining the UT System. Given the competitive personnel environment of intercollegiate sports, universities must carefully weigh the financial risks of a given agreement with the operational risk of failing to hire or retain an appropriate candidate.

Severance Pay and Terminations

In reporting operational financial activities to the NCAA, schools must report severance payments and applicable benefits recognized for past coaching and administrative personnel.

As reported to the NCAA for fiscal year 2018, UTK reported paying \$13.8 million to former athletics directors and coaches. This amount includes payments made during the fiscal year and amounts still owed. The amount owed may be further mitigated or offset by separated employees’ future earnings.

Athletics Safety Reporting

Athletic directors serve as campus administrators and manage the athletics programs of their campuses, whereas coaches are instructors and administrators that oversee and direct a team or sport, such as football or gymnastics. Due to their responsibilities and interactions with students, athletics directors and assistant athletic directors, as well as head and assistant athletic coaches, are designated **campus security authorities** for purposes of reporting allegations of crimes in compliance with the Jeanne Clery Disclosure of Campus Security Policy and Campus Crime Statistics Act⁶⁶ (Clery Act). Additionally, these UT System employees are **mandatory reporters** for reporting sexual misconduct, relationship violence, stalking, or retaliation to the UT System in accordance with Title IX of the Education Amendments Act of 1972.

Title IX Lawsuits at Schools

In July 2016, the UT System settled a Title IX lawsuit, brought by six plaintiffs, for \$2.48 million. The lawsuit alleged that the UT System and UTK athletics staff exhibited deliberate indifference and clearly unreasonable acts and omissions that created a hostile environment. Other universities (such as Baylor University, Florida State University, and the University of Oregon) have faced similar lawsuits.

To ensure that reporting requirements were communicated to contracted employees, in June 2017, the UT System included the following language in its athletic employee contracts for employee duties:

Performing the duties of a Campus Security Authority under the Jeanne Clery Disclosure of Campus Security Policy and Campus Crime Statistics Act [Clery Act] and the duties of a mandatory reporter under [the UT System's] Title IX Policies.

The UT System has since continued to refine its contract language. In January 2018, the UT System added further language to include the following as causes for termination:

Failure by [the employee] to cooperate reasonably with the University's efforts to prevent sexual assault, dating violence, domestic violence, and/ or stalking; [and]

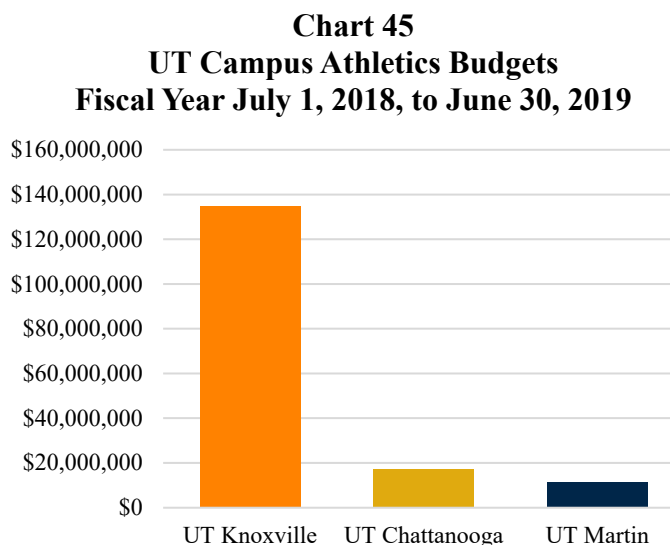
Subject to the University's fulfillment of its obligation to offer appropriate annual information or training to [the employee] of his obligations hereunder, the failure by [the employee] to (1) report misconduct as required by University Rules (e.g., failure to comply with Tennessee laws regarding the mandatory reporting of child abuse and/ or child sexual abuse); (2) comply with the University's Title IX-related policies including without limitation failure to satisfy the duties of a mandatory reporter/responsible employee; or (3) satisfy the duties of a "campus security authority" relating to the Jeanne Clery Disclosure of Campus Security Policy and Campus Crime Statistics Act).

⁶⁶ We present our conclusions on other elements of the UT System's administration of Clery Act and Title IX reporting, as well as other safety measures, in the **Campus Security and Safety** section.

Athletics Program Finances

Reflecting the different dynamics of the campuses, UTK has a vastly greater annual athletics budget than the other schools in the UT System. As exhibited in **Chart 45**, for fiscal year 2019, UTK athletics had a budget of \$134.7 million. In contrast, UTC and UTM athletics programs had substantially lower annual budgets, with \$17.1 million and \$11.6 million, respectively.

We provide a summary of fiscal year 2018 revenues and expenditures for UT System's Athletics Programs, as reported to the NCAA, in **Appendix 3**.



Source: UT System Budget for 2018–2019.

Significant Revenues and Other Support

With its much larger size, UTK athletics operates differently from its UTC and UTM counterparts. UTK athletics operates as an auxiliary, which UTK defines as a self-supporting enterprise that furnishes services to students, faculty, and staff. Other examples of auxiliaries at UTK include housing, bookstores, and food services. As an auxiliary, UTK athletics should reasonably be expected to cover its expenses through its own operating activities, thereby not relying on institutional support (such as proceeds from tuition) and state appropriations (funds that the Tennessee General Assembly either allots directly to the school's athletics programs or indirectly to athletics through the school itself).

According to the financial information that UTK submitted to the NCAA for fiscal year 2018, UTK received \$143.5 million in revenues and support for its athletics operations, including over \$33.4 million (23%) for media rights, \$35.9 million (25%) from ticket sales, and \$34.1 million (24%) in contributions⁶⁷ from individuals and groups. Although not a significant funding source for UTK athletics, student fees directed to the program totaled \$1 million (less than 1%).

Unlike UTK athletics, UTC and UTM athletics are primarily funded through institutional support. Per information the campuses reported to the NCAA, UTC received \$18.8 million in revenues and support, with \$8.8 million (47%) from institutional support, which includes state

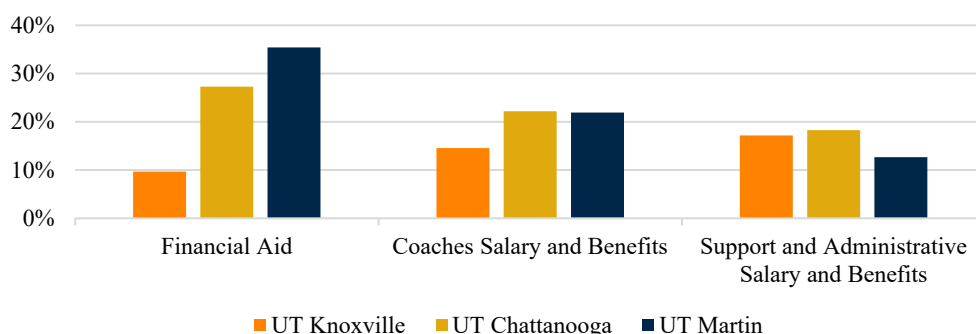
⁶⁷ "Contributions," as established by NCAA fiscal reporting requirements, include cash and marketable securities received from individuals, corporations, associations, foundations, clubs, or other organizations designated for the operations of the athletics program; funds contributed by outside contributors for the payment of debt service, lease payments, or rental fee expenses for athletic facilities; and amounts received above face value for tickets. It does not include pledges until funds are provided for use or contributions to be used in other reporting years. It also does not include endowments, which are reported separately.

appropriations and tuition proceeds directed by the UT System to athletics, and \$4.5 million (24%) from student athletic fees. UTM athletics drew a total of \$11.4 million in revenues and support, with approximately \$6.4 million (56%) attributed to institutional support as well as \$2.2 million (19%) from student fees.

Significant Expenses

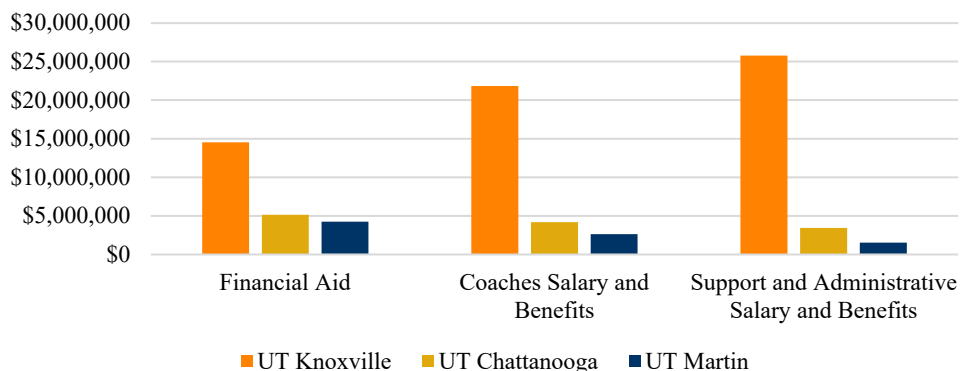
Although the three campuses differ in the monetary amount of expenses, they still share many of the same classifications of expenses. Student financial aid and compensation for coaches and administrative staff are among the largest expenses for each campus. We exhibit these expenditures as percentages of each campus's total expenditures and by total monetary amount in **Charts 46** and **47**.

Chart 46
Selected Athletics Expenditures
By Percentage of Total Athletics Expenditures by Campus
Fiscal Year July 1, 2017, to June 30, 2018



Source: Financial information UT campuses reported to the NCAA.

Chart 47
Selected Athletics Expenditures
By Amount of Expenditure
Fiscal Year July 1, 2017, to June 30, 2018



Source: Financial information UT campuses reported to the NCAA.

UTK Athletics Reserve Funds

As an auxiliary enterprise, UTK athletics funds are maintained within the UTK athletics programs auxiliary fund. The fund increases when UTK athletics experiences a surplus in revenues and support but becomes depleted in years when expenses exceed revenues and support.

Audit Results

- 1. Audit Objective:** How did the UT Board fulfill its responsibilities in Section 49-9-209(d)(1)(J), *Tennessee Code Annotated*, to “oversee and monitor the operation of the intercollegiate athletics programs of the university, including proposed actions reasonably anticipated to have a long-term impact on the operations, reputation, and standing of the intercollegiate athletics programs or the university”?

Conclusion: In keeping with applicable NCAA principles and rules, the UT Board delegated direct responsibility for administration and control of athletics programs to the UT Chancellor of each campus with an athletics program. To initially assist the UT Board in carrying out its oversight and monitoring responsibilities, the UT Board formed a Special Committee on University of Tennessee Athletics Programs. The special committee has met twice during our review period (June 19, 2019, and September 12, 2019) since its formation on November 2, 2018. See **Finding 2**.

- 2. Audit Objective:** Has the Special Committee on University of Tennessee Athletics Programs fulfilled its charge from the UT Board?

Conclusion: As noted in **Finding 2**, the special committee only conducted two meetings during our audit period and has not yet completed all six items included in its charge from the UT Board.

- 3. Audit Objective:** Did the appropriate campus office or official approve the hiring process of each head coach employed by each UT campus as of April 30, 2019, including expedited searches?

Conclusion: Based on our review, each campus followed its own policies and procedures for the approval of the hiring process for head coaches, with minor exceptions for maintaining documentation. As noted in **Finding 1**, UT management should consider adopting uniform procedures for athletics hiring.

- 4. Audit Objective:** Did UT management ensure that athletics directors and head coaches hired between July 1, 2017, and April 30, 2019, were aware of reporting requirements mandated by Title IX and the Clery Act?

Conclusion: Based on our review of athletics contracts, UT management included language concerning mandatory reporting requirements in each head coach contract signed during the review period.

Methodology to Achieve Objectives

To achieve all of our objectives related to the UT System athletics programs, we interviewed key personnel, including administrative staff, UT Board members, and the Chair of the Special Committee for UT Athletics Programs and reviewed pertinent policies and procedures, federal and state laws, and NCAA regulations to gain an understanding of each campus's athletics operations.

Board Oversight. To determine how the UT Board fulfilled its statutory responsibilities, we interviewed key personnel, including members of the UT Board, the Chair of the special committee, and athletics staff at each campus. We reviewed pertinent sections of *Tennessee Code Annotated*, as well as minutes from the UT Board meetings and the special committee meetings held during our audit period.

Special Committee Charge. To determine if the special committee fulfilled the charge from the UT Board, we interviewed UT Board members and the Chair of the special committee. We reviewed the special committee meetings held on June 19, 2019 and September 12, 2019, and the charter issued by the UT Board.

Athletics Hiring. To determine if each UT campus followed applicable hiring policies for its head coaches, we obtained an understanding of each campus's hiring practices. We identified the 13 head coaches employed by UTC, 15 head coaches employed by UTM, and 14 head coaches employed by UTK as of April 30, 2019, and obtained relevant supporting documentation and performed procedures to determine whether the campuses followed their hiring procedures for each coach.

Reporting Requirements. To determine whether the UT System included language to ensure reporting, we reviewed the pertinent sections of the Clery Act and Title IX. We obtained the 3 head coach contracts and 1 athletic director contract entered into by UTC; the 3 head coach contracts and 1 athletic director contract entered into by UTM; and the 12 head coach contracts and 1 athletic director contract entered into by UTK in effect as of April 30, 2019. We reviewed each contract to ensure it included the reporting requirements of the Clery Act, Title IX, and university reporting guidance.

UTK Athletics Profitability. To determine whether UTK athletics programs covered their expenses, we obtained and reviewed the financial information each campus submitted to the NCAA for fiscal year 2018, and the financial information included in the 2018–2019 UT Budget.

APPENDICES

APPENDIX 1

University of Tennessee Board of Trustees and Committee Membership

University of Tennessee Board of Trustees Members as of October 1, 2019

Member Name	Term Expiration	Alumnus	Grand Division
John Compton, Chair	6/30/2024	Yes	East
Brad Box	6/30/2022	Yes	West
DeCosta Jenkins	6/30/2020	Yes	Middle
Kara Lawson	6/30/2024	Yes	Out of State
Amy E. Miles	6/30/2022	Yes	East
William C. Rhodes III	6/30/2022	Yes	West
Donnie Smith	6/30/2024	Yes	Out of State
Kim H. White	6/30/2022	Yes	East
Jamie Woodson	6/30/2020	Yes	Middle
Alan D. Wilson	6/30/2020	Yes	Out of State
Spencer Ammen, Student Member	6/30/2020	N/A	N/A
Charles Hatcher, Commissioner of Agriculture	Ex-officio	N/A	N/A

Source: <https://trustees.tennessee.edu/members-page/>.

Tennessee Code Annotated Requirements

Statute	Requirement
49-9-202(a)(2)(A)	At least two members from each grand division
49-9-202(a)(2)(B)	At least five alumni
49-9-202(a)(2)(C)	At least seven Tennessee residents
49-9-202(a)(3)(A)	At least one University of Tennessee student

University of Tennessee Board of Trustees Standing Committees Members as of October 1, 2019

Executive Committee

The purpose of the Executive Committee is to oversee and monitor the work of the UT Board of Trustees and its standing committees to promote effective and efficient exercise of the UT Board's fiduciary responsibilities. Section 49-9-206(a), *Tennessee Code Annotated*, requires this committee to have five members, alumni from different UT institutions, and a majority of

voting members present at meetings to conduct business. We present the list of committee members as of October 1, 2019, below.

Executive Committee
John Compton, Chair
Amy E. Miles
William C. Rhodes III
Donne Smith
Kim H. White

Source: <https://trustees.tennessee.edu/committees/>.

Audit and Compliance Committee

The purpose of the Audit and Compliance Committee is to assist the UT Board in fulfilling its governance and oversight responsibilities. This committee must comply with the State of Tennessee Audit Committee Act of 2005, codified in Section 4, Chapter 35, *Tennessee Code Annotated*. The Act requires a minimum of three members and a charter that provides for the frequency and procedures relative to conducting meetings. It also defines responsibilities as overseeing financial reporting and related disclosures; evaluating management's assessment of internal controls; formally reiterating on a regular basis the UT Board's responsibility for preventing, detecting, and reporting of fraud, waste, and abuse; and facilitating any audits or investigations, including informing auditors or investigators of any information pertinent to audits or investigations and informing the Comptroller of the Treasury of the results of control assessments to reduce the risk of fraud and prompt notification of any indications of fraud. We present the list of committee members as of October 1, 2019, below.

Audit and Compliance Committee
Amy E. Miles, Chair
Brad Box
Crawford Gallimore, External Member
DeCosta Jenkins
John Compton, Ex-officio Voting Member

Source: <https://trustees.tennessee.edu/committees/>.

Education, Research, and Services Committee

The purpose of the Education, Research, and Service committee is to assist the UT Board in overseeing the UT System's educational mission of teaching, research, and service, including matters related to academic programs, faculty, student success, student conduct, research, service, and outreach. Section 49-9-206(c)-(d) *Tennessee Code Annotated*, requires the committee to have at least three members and a majority of the voting members present at meetings to constitute a quorum for transacting business. The committee must also include at least one full-time faculty member and one UT student member, both of whom are voting members. We present the list of committee members as of October 1, 2019, below.

Education, Research, and Service Committee
Donnie Smith, Chair
Kara Lawson
Jeff Rogers, Voting Faculty Member
Spencer Ammen, Voting Student Member
Alan D. Wilson
Jamie Woodson
John Compton, Ex-officio Voting Member
Randy Boyd, Ex-officio Voting Member
Charlie Hatcher, Ex-officio Voting Member

Source: <https://trustees.tennessee.edu/committees/>.

Finance and Administration Committee

The purpose of the Finance and Administration Committee is to assist the UT Board in overseeing the UT System’s finances, operations, facilities, and Health Science Center clinical activities; and in ensuring that the UT System operates within available resources and applicable laws and policies in a manner supportive of its strategic plan. The committee has the specific responsibilities included in this committee charter approved by the UT Board. Section 49-9-206(b), *Tennessee Code Annotated*, requires this committee to have five members, alumni from different UT institutions, and a majority of voting members present at meetings to conduct business. We present the list of committee members as of October 1, 2019, below:

Finance and Administration Committee
William C. Rhodes III, Chair
Amy E. Miles
Kim H. White
John Compton, Ex-officio Voting Member
Randy Boyd, Ex-officio Voting Member

Source: <https://trustees.tennessee.edu/committees/>.

University of Tennessee Board of Trustees Special Committee

Members as of October 1, 2019

Special Committee on University of Tennessee Athletics Programs

Pursuant to Section 49-9-206(c)(1)(A), the UT Board may establish other standing committees, subcommittees, and ad hoc committees as it deems necessary or advisable. As of June 21, 2019, the UT Board has formed one special committee: the Special Committee on University of Tennessee Athletics Programs. Pursuant to Section 49-9-209(d)(1)(J), *Tennessee Code Annotated*, the UT Board is responsible for overseeing and monitoring “the operation of intercollegiate athletics programs of the university, including proposed actions reasonably anticipated to have a long-term impact on the operations, reputations, and standing of the intercollegiate programs or the university.” To assist the UT Board in fulfilling its statutory

requirement to oversee and monitor campus athletics programs, the board formed the special committee on athletics on November 2, 2018. The UT Board provided a Committee Charge to the special committee and dictated that the special committee would dissolve on June 30, 2020, or at the completion of its charge, whichever occurs first. We present the list of committee members as of October 1, 2019, below:

Special Committee on University of Tennessee Athletics Programs
Charlie Anderson, External Member and Chair
Kara Lawson
William C. Rhodes III

Source: <https://trustees.tennessee.edu/committees/>.

University of Tennessee Board of Trustees UT Advisory Boards Members as of June 30, 2019

The UT FOCUS Act includes the addition of UT advisory boards. Section 49-9-501(a)(2), *Tennessee Code Annotated*, establishes advisory boards for the Knoxville, Chattanooga, Martin, and Health Science Center (Memphis) campuses, each consisting of five Governor-appointed members, all of whom require legislative confirmation by joint resolution. Each advisory board also features a faculty member appointed by the Faculty Senate and a student member appointed by the advisory board. Section 49-9-502, *Tennessee Code Annotated*, defines advisory board meeting requirements, which include meeting three times annually, reaching a four-member quorum, and adhering to open meetings laws.⁶⁸ We present the membership of the respective UT advisory boards as of June 1, 2019, below.

UT Advisory Boards Membership As of June 1, 2019

Chattanooga	Health Science Center	Knoxville	Martin
William Barker	Lynn Massingale	Alexia Poe	Katie Ashley
Fred Decosimo	Mark Norris	Tom Smith	Hal Bynum
Serina Desai	Natalie Take	John Tickle	Monice Hagler
Carole Hoffman	Michael Ugwueke	Syreeta Vaughn	Art Sparks
Scott Leroy	Phil Wenk	Tim Williams	Julia Wells
Gretchen Potts, Faculty	Dr. Terrance Cooper, Faculty	Louis Gross, Faculty	Chris Caldwell, Faculty
Julian Lewis, Student	Anna Evans, Student	Ovi Kabir, Student	Devin Majors, Student

Source: House and Senate Joint Resolutions and meeting minutes.

⁶⁸ The Open Meetings Act, commonly known as the Sunshine Law, establishes that it is “the public policy of the state that the formation of public policy and decisions is public business and shall not be conducted in secret.” The Open Meetings Act requires that meetings be open to the public and given adequate public notice, and that minutes “contain a record of the persons present, all motions, proposals and resolutions offered, the results of any votes taken, and a record of individual votes in the event of a roll call.” The Open Meetings Act can be found in Section 8-44-101 et seq., *Tennessee Code Annotated*.

APPENDIX 2
University of Tennessee System
Unrestricted and Restricted Current Funds Revenues, Expenditures, and Transfers⁶⁹
Fiscal Years 2018 and 2019

	2018 Actual	2019 Budgeted
EDUCATION AND GENERAL		
Revenues		
Tuition & Fees	\$ 710,190,418	\$ 719,498,584
State Appropriations	592,062,887	610,871,779
Grants & Contracts	638,606,948	643,674,286
Sales & Service	69,851,826	63,200,011
Other Sources	139,504,137	128,816,451
Total Revenues	2,150,216,217	2,166,061,111
Expenditures and Transfers		
Instruction	691,271,544	782,304,551
Research	323,493,599	341,035,312
Public Service	150,391,428	168,502,165
Academic Support	218,247,500	235,860,733
Student Services	100,380,026	100,804,719
Institutional Support	166,685,771	175,105,323
Operations & Maintenance of Plant	151,286,259	150,968,392
Scholarships & Fellowships	295,164,163	318,477,830
Subtotal Expenditures	2,096,920,290	2,273,059,025
Mandatory Transfers	10,733,175	11,637,487
Non-Mandatory Transfers	35,756,137	(110,287,904)
Total Expenditures & Transfers	\$143,409,602	\$2,174,408,608
AUXILIARIES		
Revenues	\$ 6,956,202	\$264,132,353
Expenditures and Transfers		
Expenditures	207,035,549	198,882,468
Mandatory Transfers	46,326,750	47,597,203
Non-Mandatory Transfers	9,507,965	17,657,157
Total Expenditures & Transfers	\$262,870,264	\$264,136,828
TOTALS		
Revenues	\$2,417,172,419	\$2,430,193,464
Expenditures and Transfers		
Expenditures	2,303,955,839	2,471,941,493
Mandatory Transfers	57,059,925	59,234,690
Non-Mandatory Transfers	45,264,102	(92,630,747)
Total Expenditures & Transfers	\$2,406,279,866	\$2,438,545,436

⁶⁹ The financial information presented was obtained from the UT System Budget for 2018–2019. We did not perform auditing procedures on this information; therefore, we do not conclude on its accuracy.

APPENDIX 3

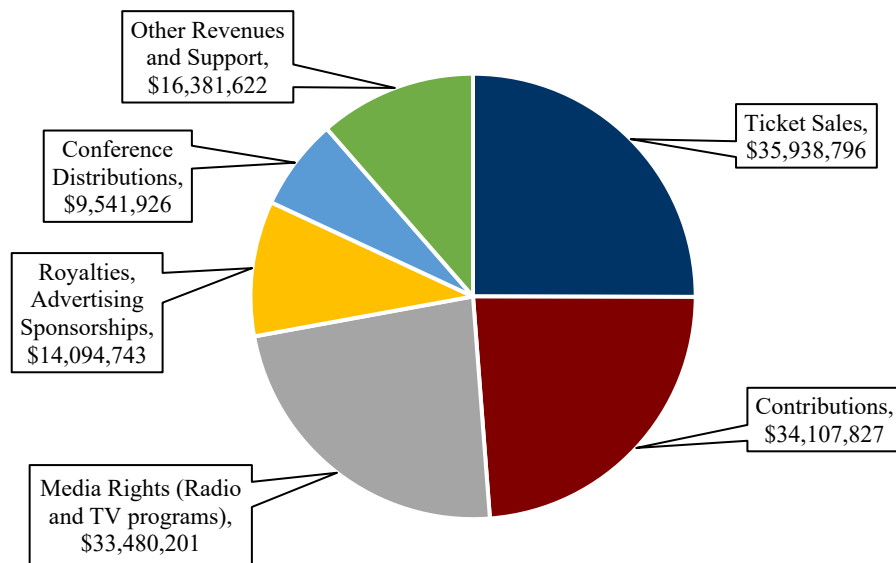
UT Athletics Programs' Financial Information as Reported to the NCAA

The following financial illustrations were produced from information reported by each campus to the NCAA. We do not express an opinion or conclusion as to their accuracy.

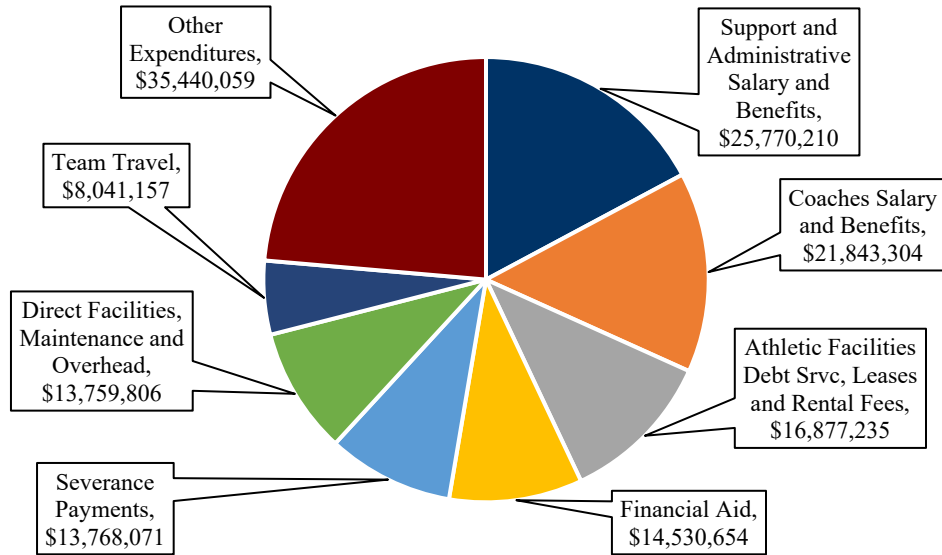
For the purposes of our illustration, we define **Other Revenues and Support** and **Other Expenditures** as the combined value of items that attributed individually less than 5% of the campus' total athletics revenues and support or expenditures as applicable. **Other Operational Expenses**, as defined by NCAA reporting requirements, are those operating expenses paid by the athletics program in the reporting year that do not fall within the other defined reporting items; examples of other operational expenses include team banquets and non-team travel to athletic conferences.

University of Tennessee, Knoxville Athletics

UTK Athletics Revenues and Support
Fiscal Year July 1, 2017, to June 30, 2018

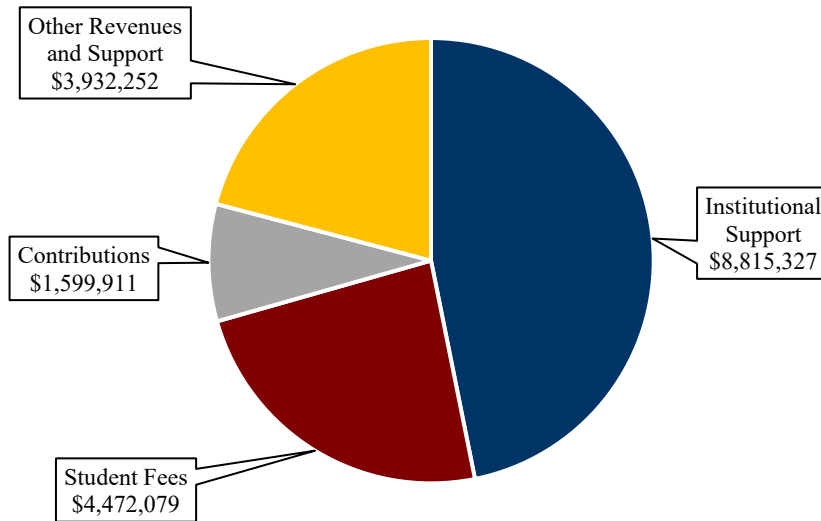


UTK Athletics Expenditures
Fiscal Year July 1, 2017, to June 30, 2018

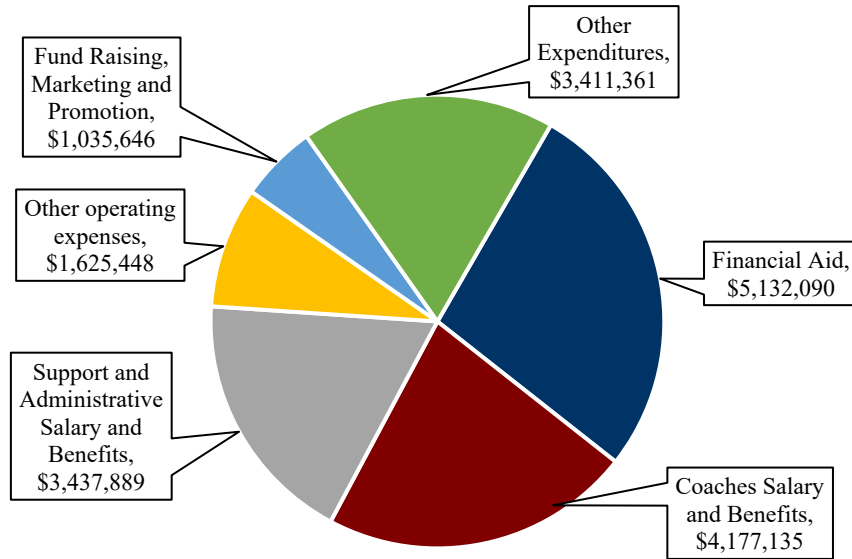


University of Tennessee at Chattanooga Athletics

UTC Athletics Revenues and Support
Fiscal Year July 1, 2017, to June 30, 2018

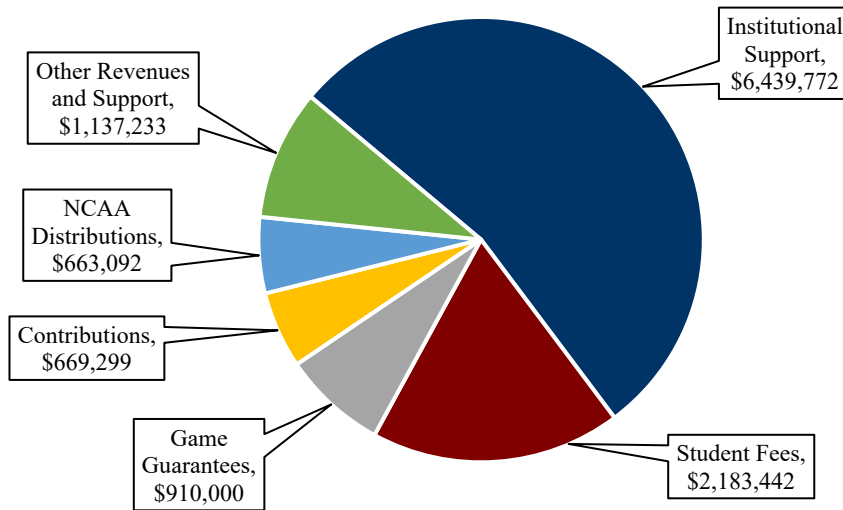


**UTC Athletics Expenditures
Fiscal Year July 1, 2017, to June 30, 2018**

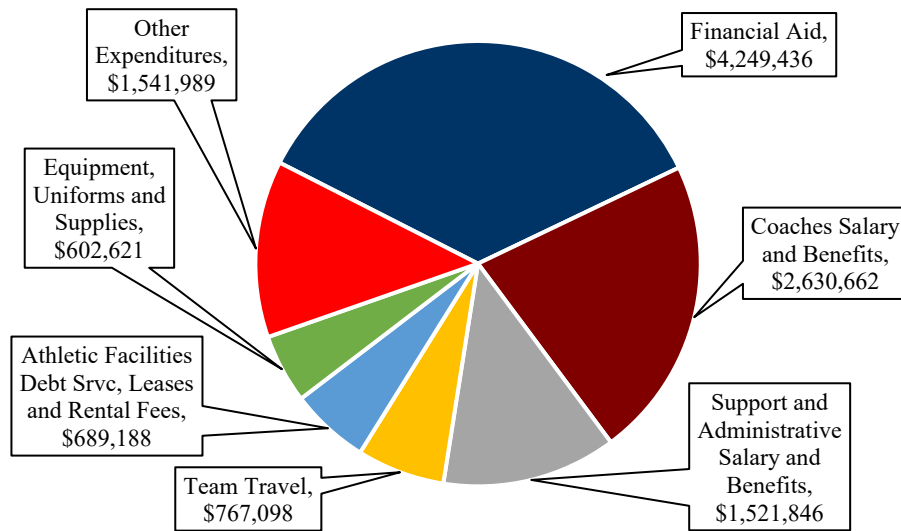


University of Tennessee at Martin Athletics

**UTM Athletics Revenues and Support
Fiscal Year July 1, 2017, to June 30, 2018**

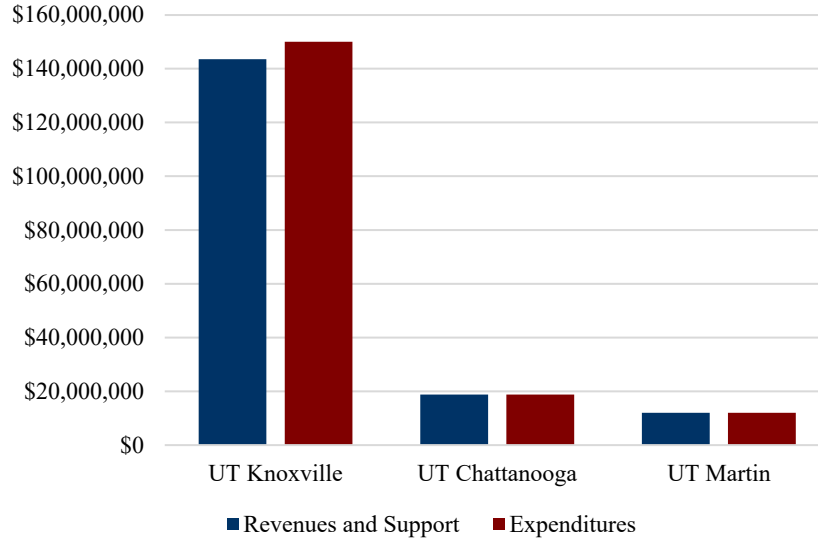


**UTM Athletics Expenditures
Fiscal Year July 1, 2017, to June 30, 2018**

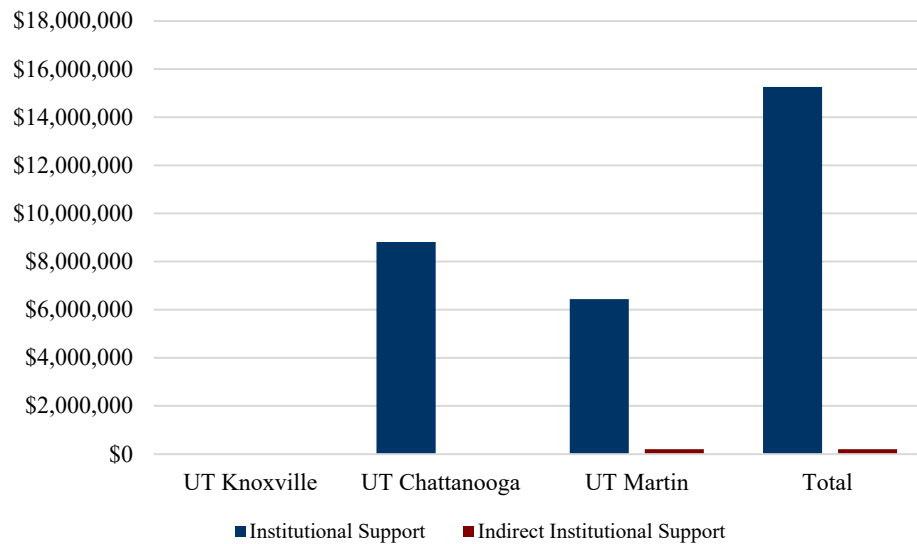


UT System Athletics Programs' Financial Information

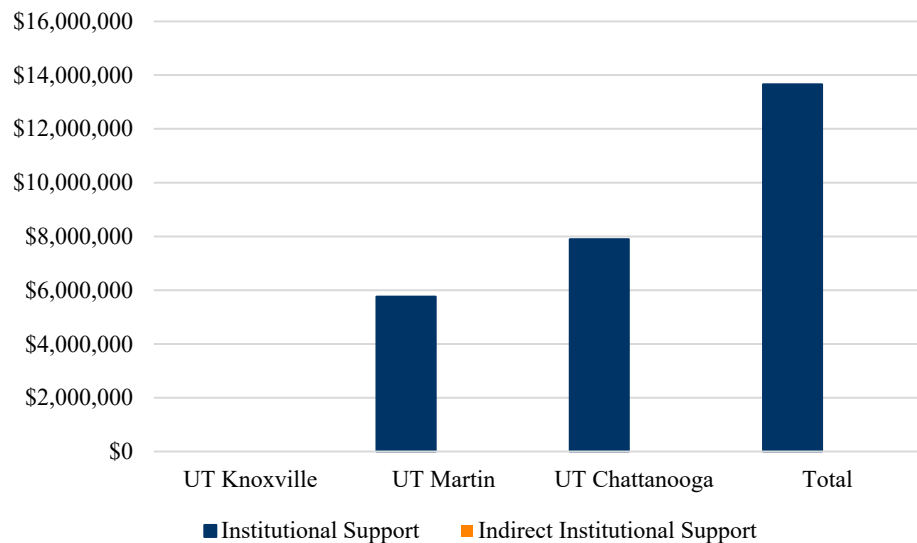
**UT System Athletics Programs' Revenues and Expenditures
Fiscal Year July 1, 2017, to June 30, 2018**



**UT System Athletics Programs' Institutional Support and Indirect Institutional Support
Fiscal Year July 1, 2017, to June 30, 2018**



**UT System Athletics Programs' Institutional Support and Indirect Institutional Support
Fiscal Year July 1, 2016, to June 30, 2017**



APPENDIX 4

Other Reports From the Office of the Comptroller

Multiple divisions within the Comptroller's Office have released reports involving the University of Tennessee since September 1, 2017, including

- the Division of State Audit;
- the Division of Investigations; and
- the Office of Research and Education Accountability.

In the following pages, we exhibit selected findings, results, and key conclusions from these reports. We have not performed audit procedures within the scope of our audit engagement on these areas; therefore, we present these for informative purposes only. The full reports can be accessed at comptroller.tn.gov/advanced-search.html unless otherwise noted.

Division of State Audit

The Division of State Audit annually performs a financial statement audit on the UT System. We present the audit findings from the 2018 financial and compliance audit report below.

Audit Findings
Division of State Audit's Financial and Compliance Audit Report
for the Fiscal Year Ended June 30, 2018

The University of Tennessee Did Not Provide Adequate Internal Controls in Three Areas, Including One Area That Was Reported in the Prior-Year Audit*

The university did not design and monitor effective internal controls in three areas. The details of this finding are confidential pursuant to Section 10-7-504(i), *Tennessee Code Annotated* (page 96).

Principal Investigators at the University of Tennessee at Knoxville and the University of Tennessee Health Science Center Did Not Ensure That Obligations Charged to Federal Awards Were Allowable Under Federal Research and Development Grants, Resulting in Federal Questioned Costs of \$669.68

The university requested and received reimbursement for unallowable costs, including a \$26,300 equipment item, two Dell computers, sales tax, and payments to a subrecipient. This resulted in \$669.68 of federal questioned costs (page 96).

Office of Sponsored Programs Personnel at the University of Tennessee at Knoxville and the University of Tennessee Health Science Center and Research Staff at the University of Tennessee Space Institute Did Not Always Ensure That Subrecipient Contracts Included Information Required Per Federal Regulations

We tested 40 subrecipient agreements for research and development grants at the university. All information required per 2 CFR 200.331(a) was not included in six of the agreements (page 99).

* Portions of this finding are repeated from the prior audit.

Division of Investigations

During our audit period, the Division of Investigations released three reports on UT athletics. See below for details.

Investigative Results
Comptroller's Investigative Report of University of Tennessee – Knoxville
Football Operations, Released December 18, 2017

- **Former director of football operations Chris Spognardi provided fabricated or altered documentation to account for cash advances totaling at least \$14,085**

During the period September 2015 through January 2016, Chris Spognardi, former director of football operations, provided fabricated or altered documentation to account for at least \$14,085 in travel-related cash advances entrusted to him by the UT Athletics Department. Mr. Spognardi could not provide evidence that these funds were used for legitimate UT Athletics purposes.

Mr. Spognardi's duties included receiving and handling cash from the athletics department business office to pay various travel-related expenses of the UT football team and staff. These expenses included applicable per diem payments to staff and student athletes, meal costs and related tips, and other miscellaneous costs incurred during regular season and bowl game travel. At the conclusion of the travel by the team and/or coaches, the athletics department business office required Mr. Spognardi to submit the various invoices and other supporting documentation accounting for his use of the cash, and to return any cash not spent.

For regular season football games to which the team traveled, Mr. Spognardi received cash totaling approximately \$15,000 per game. For team travel expenses related to the Outback Bowl in Tampa, Florida, played on January 1, 2016, Mr. Spognardi received over \$134,000 in cash. Mr. Spognardi distributed much of the cash for these games as per diem payments to student athletes and staff before leaving campus. Mr. Spognardi eventually turned in some unspent cash, along with invoices and other documents purportedly accounting for his use of these cash advances, often weeks or months after the related game. Comptroller investigators, by confirming with the various food and service vendors used during the travel, discovered that Mr. Spognardi provided fabricated or altered documents to justify the expenditure of university cash totaling over \$14,000.

Investigative Finding and Recommendation
Comptroller's Investigative Report of University of Tennessee at Knoxville
Athletic Department Photographer, Released January 18, 2018

FINDING **The sports photographer abused university work time and equipment for his personal benefit**

Our investigation revealed the sport's photographer (official job title – Coordinator II-Photographer), an employee in the athletic department, was paid by other colleges, universities, and athletic organizations hosted by the University of Tennessee (UT) to take photographs of their athletes for a fee. This fee was earned while the photographer was being paid by UT and using UT's equipment (email, phone, photographic equipment) at these sporting events. As an employee of UT, the photographer was at these events to photograph the UT athletes. In addition, the photographer used UT student assistants and some non-students to photograph the other non-UT athletes, and these aides were paid in cash by the photographer. For the period examined, we were able to identify at least \$9,240 the photographer received from other colleges, universities, and athletic organizations while performing his duties as UT's photographer.

In addition, we were able to identify at least \$6,496.18 the photographer received during the period under examination from other colleges, universities, and athletic organizations across the southeast for photographic events while not being paid by UT. We question the propriety of these personal fees since the photographer used UT email and phones to solicit and/or receive offers from the other institutions for the photographic work. We could not determine whether UT photographic equipment was used at all of these events. In some instances, UT student assistants and non-students were used and were paid in cash.

The photographer, who is a state employee, should use state property, technology, time, and other resources for legitimate business purposes on behalf of the State of Tennessee. At a minimum, the actions of the photographer resulted in a waste and/or abuse of taxpayer funds.

RECOMMENDATION

University officials should determine whether the photographer violated UT policy by receiving compensation from other colleges, universities, and athletic organizations while being paid by UT and using UT's equipment. State employees should use state property, technology, time, and other resources for legitimate business purposes on behalf of the State of Tennessee. The proceeds from the sale of photographs taken by employees of UT as part of their work assignment should flow to the university's athletic department.

Investigative Results
Comptroller's Investigative Report of University of Tennessee – Knoxville
Sports Surface Management, Released January 24, 2018

- **Director of sports surface management accepted travel and entertainment from a vendor of his department**

On at least two occasions in 2016, the director of sports surface management (director) accepted paid trips and related entertainment from a department vendor, a violation of university policy. Based on agendas obtained by investigators, both trips appeared primarily recreational in nature. The director traveled to Illinois for two days of golf beginning on August 7, 2016. Also, on November 10, 2016, the director participated in a golf scramble at the East Lake Golf Course in Georgia. The vendor provided lodging and air fare (when applicable), as well as the greens fees and other privileges, which exceeded \$75 for each trip. This vendor had previously been awarded a five-year equipment lease worth \$763,898 as noted later in this report.

The University of Tennessee's employee gift acceptance policy prohibits university employees from accepting entertainment or any other gift exceeding \$75 in value. The director told investigators that he felt he was representing the University of Tennessee while he participated in these trips and that he used the opportunities to speak with manufacturing representatives about the use of field maintenance equipment. Further, he told investigators that he was unaware of the university policy that prohibited his acceptance of gifts.

- **Director of sports surface management failed to record leave while on recreational trips**

In April 2016, the director attended the Masters Golf Tournament in Augusta, Georgia, during the work week, but failed to record any personal leave. Although the director received an event pass for this tournament from a prospective vendor, the vendor's records showed that the director reimbursed the vendor for the pass. The director was absent from work during that even though he recorded no leave on his university time records.

- **Athletics department officials accepted entertainment from a potential vendor of the University of Tennessee**

In 2014, two current University of Tennessee athletics department employees attended the Masters Golf Tournament in Augusta, Georgia, as guests of a potential vendor that was actively marketing its product to the university. The potential vendor provided the two University of Tennessee employees tournament tickets that granted them access to the hospitality venue, Berckmans Place, for one day during the tournament – a total value well in excess of \$75. The university ultimately did not purchase from that vendor. The University of Tennessee's employee gift acceptance policy prohibits university employees from accepting entertainment or any other gift exceeding \$75 in value.

Sports Surface Management, Released January 24, 2018 (Continued)

- **Restrictive requirements on bid request inhibited competition**

An athletics department request for quotation (RFQ) included mandatory requirements which ultimately excluded some vendors, effectively inhibiting competition. The athletic department submitted an RFQ to the University of Tennessee Purchasing Department (purchasing department) to purchase or lease 30 pieces of sports surface and golf facility maintenance equipment for the sports surface management department. At the request of the athletics department, the RFQ included mandatory requirements that the vendor be a franchise dealer for all the items on the list and that each vendor provide a price for every piece of equipment. Shortly after the RFQ was issued, one vendor expressed concern to the purchasing department about the restrictive nature of the mandatory requirements. Purchasing department staff proposed an addendum which would, along with other changes, remove the franchise dealer requirement. Although an addendum was issued, purchasing department officials stated that the franchise dealer provision was inadvertently left in the RFQ.

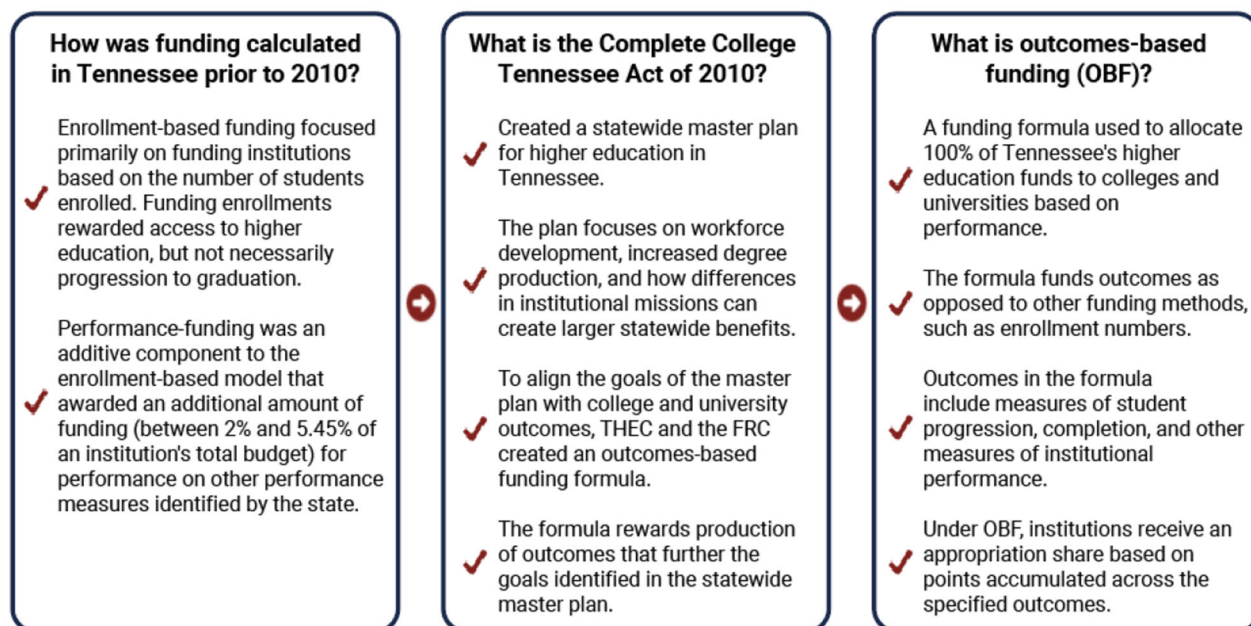
The purchasing department requested and received bids from three vendors. Only one of the three was a franchise dealer for all items on the equipment list and consequently was the only vendor to bid on every item. The purchasing department awarded the contract to the sole qualifying vendor on June 2, 2016, and signed a five-year equipment lease worth \$763,898 on August 8, 2016. The purchasing department had a process in place for unsuccessful bidders to protest the decision; however, none of the bidders formally protested the bid award.

Government officials hold a position of public trust and therefore must strive to hold themselves and their employees to the highest standards. Officials should not engage in any action, whether specifically prohibited by statute, regulation, or policy, which might result in or create the appearance of private gain, preferential treatment, or impeding government efficiency.

Office of Research and Education Accountability

The Office of Research and Education Accountability has released a series of reports on the outcomes-based funding for the state's public colleges and universities, including a November 2017 overview report and then August 2018 individual profiles for UTK, UTC, and UTM. See comptroller.tn.gov/office-functions/research-and-education-accountability/publications/higher-education/content/funding-tennessee-s-public-colleges-and-universities--the-outcomes-based-funding-formula.html. For an explanation of the outcomes-based funding formula versus traditional higher education funding formulas, see the following excerpt.

Changes to Tennessee’s Higher Education Funding Models⁷⁰ From the Office of Research and Education Accountability’s *Funding Tennessee’s Public Colleges and Universities: The Outcomes-Based Funding Formula* Report, Released in November 2017



The Office of Research and Education Accountability’s campus-based reports illuminate changes in state funding received since the implementation of the outcomes-based formula. We exhibit key points from the office’s review of UTK, UTC, and UTM below.

Key Points From the Office of Research and Education Accountability’s *Outcomes-Based Funding Formula Profile: University of Tennessee – Knoxville*, Released in August 2018

Like all public universities, the University of Tennessee – Knoxville (UTK) has seen an increase in operating funding since the outcomes-based funding formula was implemented in 2010-11, and the rate of funding growth at UTK has been above the average for all universities. UTK’s cumulative percent change in operating funding received under the formula has increased by approximately 32 percent since 2010-11. This is about 7 percent more than the cumulative percent change in total operating funding to all public four-year institutions. The 32 percent cumulative growth for UTK represents approximately \$46.4 million in additional operating funding since 2010-11.

⁷⁰ Based on our review of the Office of Education and Accountability’s outcomes-based formula report, “FRC” in the exhibit refers to the Formula Review Committee (FRC) that consisted of college and university officials, stakeholders, and governmental actors. The goal of the FRC was to create an outcomes-based funding formula that rewards institutions to produce outcomes that further the educational attainment and productivity goals of the master plan.

***Outcomes-Based Funding Formula Profile: University of Tennessee – Knoxville,
Released in August 2018 (Continued)***

One of the main reasons for UTK's rate of funding growth is the institution's performance over the past four years on outcomes with the highest mission weights. Mission weights allow the leadership of each institution, in conjunction with the Tennessee Higher Education Commission, to identify certain outcomes as more or less important to the institution's mission. Performance on outcomes with higher mission weights will have a greater effect on the amount of funding received under the formula, all else being equal. The outcomes with the highest mission weights at UTK are bachelor's and associate degrees, degrees produced per 100 full-time equivalent (FTE) students, and the six-year graduation rate.

UTK improved performance on the number of bachelor's and associate degrees produced and the six-year graduation rate over the past four years. Degrees produced per 100 FTE students held steady over the same time.

***Key Points From the Office of Research and Education Accountability's
Outcomes-Based Funding Formula Profile: University of Tennessee at Chattanooga,
Released in August 2018***

Like all public universities, the University of Tennessee at Chattanooga (UTC) has seen an increase in operating funding since the outcomes-based funding formula was implemented in 2010-11, and the rate of funding growth at UTC has been above the average for all universities. UTC's cumulative percent change in operating funding received under the formula has increased by 40 percent since 2010-11. This is about 16 percent more than the cumulative percent change in total operating funding to all public four-year institutions. The 40 percent cumulative growth for UTC represents approximately \$13.5 million in additional operating funding since 2010-11.

One of the main reasons for UTC's rate of funding growth is the institution's performance over the past four years on outcomes with the highest mission weights. Mission weights allow the leadership of each institution, in conjunction with the Tennessee Higher Education Commission, to identify certain outcomes as more or less important to the institution's mission. Performance on outcomes with higher mission weights will have a greater effect on the amount of funding received under the formula, all else being equal.

The outcomes with the highest mission weights at UTC are bachelor's and associate degrees, degrees per 100 full-time equivalent (FTE) students, and the six-year graduation rate. UTC improved performance on these three outcomes over the past four years.

**Key Points From the Office of Research and Education Accountability's
Outcomes-Based Funding Formula Profile: University of Tennessee at Martin,
Released in August 2018**

Like all public universities, the University of Tennessee at Martin (UTM) has seen an increase in operating funding since the outcomes-based funding formula was implemented in 2010-11, though the rate of funding growth at UTM has been slightly below the average for all universities. UTM's cumulative percent change in operating funding under the formula has increased by approximately 21 percent since 2010-11. This is about 4 percent less than the cumulative percent change in total operating funding to all public four-year institutions. The 21 percent cumulative growth for UTM represents approximately \$5.1 million in additional operating funding since 2010-11.

One of the main reasons for UTM's rate of funding growth is the institution's performance over the past four years on outcomes with the highest mission weights. Mission weights allow the leadership of each institution, in conjunction with the Tennessee Higher Education Commission, to identify certain outcomes as more or less important to the institution's mission. Performance on outcomes with higher mission weights will have a greater effect on the amount of funding received under the formula, all else being equal. The outcomes with the highest mission weights at UTM are bachelor's and associate degrees produced, the six-year graduation rate, and master's and education specialist degrees produced.

Bachelor's and associate degree production has slightly increased at UTM over the past four years, while the six-year graduation rate and the number of master's and education specialist degrees have slightly decreased. It is important to note that an institution's funding amount under the formula is not based on its performance in isolation; the performance of other institutions is also taken into account when determining a given institution's funding amount. Institutions with greater increases on outcome measures relative to other institutions will receive a higher share of funding.

In addition to the outcomes-based formula reports, the Office of Research and Education Accountability published a report within our audit period on Sex Week. (See the report at comptroller.tn.gov/content/dam/cot/orea/documents/orea-reports-2019/SexWeek_FullReport.pdf.) The office establishes that "Sex Week at the University of Tennessee, Knoxville (UTK) is a week-long event that includes a variety of programs on sexual health, love, gender identity, relationships, sexual assault prevention, sexual orientation, and sex." Since 2013, a registered student organization (RSO), Sexual Empowerment and Awareness at Tennessee (SEAT), has organized the event. We present key conclusions from the report in the following excerpt.

**Key Conclusions From the Snapshot of the Office of Research and Education
Accountability's *Special Report: Sex Week at the University of Tennessee – Knoxville*,
Released in February 2019**

- SEAT [Sexual Empowerment and Awareness at Tennessee] is one of about 600 RSOs [Registered Student Organizations] at UTK, all of which are eligible to request student activity fee funding. In four of the past five years, SEAT received the highest allocation of student activity fee funds, including about \$29,000 in both 2016-17 and 2017-18.
- SEAT also received gift funds, private donations, and indirect benefits, such as use of campus facilities, for Sex Week, all of which are options for RSOs at UTK.
- If SEAT were not a registered student organization, it would have been charged about \$4,500 annually to use campus facilities for Sex Week events.
- The university has taken some actions to address the Sex Week controversy, but the most significant change, to give students the choice whether to allocate their mandatory activity fee to student-organized programming (such as Sex Week), was made reluctantly.
- SEAT has been unwilling to compromise with university administrators who have asked it annually to “tone it down” and consider the impact of its language choices.
- Sex Week at UTK is not the only such event that has occurred at a public university in Tennessee; similar events have taken place on at least four other university campuses.

APPENDIX 5

Comparative and Aspirational Peers by UT Campus

At its June 22, 2017, meeting, the prior UT Board of Trustees approved a set of criteria to use in establishing peer institutions for the four UT campuses. Based on factors including funding, student bodies, degrees awarded, faculty, and location, management developed a set of peer institutions reflecting where UT is at now (comparable peers) and where they hope UT will be in the future (aspirational peers). On behalf of the full UT Board, the UT Executive and Compensation Committee approved the list of peer institutions for each UT campus on October 5, 2017.

UT Knoxville

Comparative

Auburn University (AL)
Clemson University (SC)
Iowa State University
Louisiana State University
North Carolina State University
University of Alabama
University of Kentucky
University of Missouri
University of Nebraska-Lincoln
University of South Carolina
Virginia Tech

Source: <https://oira.utk.edu/peer-institutions/>.

Aspirational

Michigan State University
Purdue University (IN)
University of Georgia
University of Florida
University of Minnesota
University of Wisconsin

UT Chattanooga

Comparable

University of Central Arkansas
Stephen F. Austin State University (TX)
University of Nebraska Omaha
Murray State University (KY)
Valdosta State University (GA)
Northeastern State University (OK)
Georgia College and State University
Jacksonville State University (AL)
University of West Georgia
Southeast Missouri State University
Tennessee Technological University
Florida Gulf Coast University

Source: <https://www.utc.edu/planning-evaluation-institutional-research/factbook/peer-institutions.php>.

Aspirational

University of North Carolina at Greensboro
Appalachian State University (NC)
University of North Carolina at Wilmington
College of Charleston (SC)
University of Arkansas – Little Rock
University of North Florida

UT Martin

Comparable

Arkansas State University – Main Campus
Arkansas Tech University
Auburn University – Montgomery (AL)
Austin Peay State University (TN)
Frostburg State University (MD)
McNeese State University (LA)
Midwestern State University (TX)
Morehead State University (KY)
University of Texas – Tyler
West Texas A&M

Source: https://www.utm.edu/departments/irp/thec_peers.php.

Aspirational

University of Central Arkansas
Marshall University (WV)
Murray State University (KY)
Southeast Missouri State University
Stephen F. Austin State University (TX)
Western Carolina University (NC)

UT Health Science Center

Comparable

University of Oklahoma Health Sciences
Center
Medical University of South Carolina
University of Texas Health Science Center
at San Antonio
Texas Tech University Health Science
Center – Lubbock
University of Nebraska Medical Center
University of Arkansas for Medical Sciences
Louisiana State University Health Sciences
Center – New Orleans

Source: <https://uthsc.edu/institutional-effectiveness/peer-institutions.php>.

Aspirational

University of Maryland – Baltimore
Oregon Health and Sciences University
University of Texas Health Science Center
at Houston

APPENDIX 6

Index of Tables, Exhibits, and Charts

Tables

Number	Title	Page
Table 1	Academic Program Accreditation Status	21
Table 2	2019 UT Knoxville Chancellor Search Committee	26
Table 3	2019 UT Knoxville Chancellor Nominees and Open Forum Schedule	27
Table 4	RFP Schedule of UTHSC Ground Lease Actions	54
Table 5	Comparison of Key Components of the Clery Act and Title IX	63
Table 6	Results of Compliance Review for 2018 Annual Security and Fire Safety Report	64
Table 7	Title IX Investigations Not Completed Within 60 Days	85
Table 8	Commissioned Officer Comparison by Campus	91
Table 9	2018 Property Loss Reports to Comptroller Versus 2018 Police-Recorded Inventory Deletions	98
Table 10	Counselor Caseloads and Appointment Wait Times at Each Campus	108
Table 11	Students Enrolled at UTM Affiliated Campuses	109
Table 12	THEC Capital Outlay Scoring Criteria for Universities, Community Colleges, and Nonformula Units	130
Table 13	THEC Match Requirement of Capital Project Funding Beginning Fiscal Year 2021	131
Table 14	Outsourcing Decisions by Campus	135
Table 15	THEC Match Requirement of Capital Project Funding for UTK, UTM, and UTC	140
Table 16	UT System Strategic Plan Goals	142
Table 17	UTHSC Undergraduate and Graduate/Professional Programs Graduation Rates in 2017 and 2018	167
Table 18	UTHSC First-time Pass Rates by School or Program	167
Table 19	Tennessee Promise Change in First-Time Freshman Enrollment	189
Table 20	Athletic Program Summaries as of Reporting Year July 1, 2017, to June 30, 2018	191
Table 21	Key Differences Between Standard and Expedited Hiring Practices	193

Exhibits

Number	Title	Page
Exhibit 1	AGB Illustrative Questions	5
Exhibit 2	Map of UT's Primary Campuses	6
Exhibit 3	Excerpt From Tennessee Higher Education Commission's Policy "New Academic Program: Approval Process"	22
Exhibit 4	Maximum Clery Fines	68
Exhibit 5	UT System Title IX Model	69
Exhibit 6	Statistics About College Suicide	102
Exhibit 7	Planning Structure for the 2019–2025 Strategic Plan	145
Exhibit 8	Board Chair's Comments Regarding Current Graduation Rates	156

Charts

Number	Title	Page
Chart 1	Ratio of Students to One Counselor	107
Chart 2	Total Students Served by the UTK Counseling Center and Students Served Who Admitted to Having Some Level of Suicidal Thoughts in the Last Two Weeks	111
Chart 3	Health Services and Counseling Fees by UT Campus	113
Chart 4	UT System Application, Admission, and Enrollment Process	148
Chart 5	UTK First-Time Freshmen Race/Ethnicity	149
Chart 6	UTK First-Time Freshmen Residence	150
Chart 7	UTC First-Time Freshmen Race/Ethnicity	151
Chart 8	UTC First-Time Freshmen Residence	151
Chart 9	UTM First-Time Freshmen Race/Ethnicity	152
Chart 10	UTM First-Time Freshmen Residence	153
Chart 11	UTHSC First Semester Student Race/Ethnicity	154
Chart 12	UTHSC First Semester Student Residence	155
Chart 13	UTK Graduation Rate Compared to Peers	157
Chart 14	UTK Retention Rate Compared to Peers	157
Chart 15	UTC Graduation Rate Compared to Peers	158
Chart 16	UTC Retention Rate Compared to Peers	158
Chart 17	UTM Graduation Rate Compared to Peers	159
Chart 18	UTM Retention Rate Compared to Peers	159
Chart 19	Four-year UTK Graduation Rate Compared to Peers	164
Chart 20	Six-year UTK Graduation Rate Compared to Peers	164
Chart 21	UTK Retention Rate Compared to Peers	165
Chart 22	Four-year UTM Graduation Rate Compared to Peers	166
Chart 23	UTK Applications by Sex	169
Chart 24	UTK Admission Rates by Sex	169
Chart 25	UTC Applications by Sex	169
Chart 26	UTC Admission Rates by Sex	169
Chart 27	UTM Applications by Sex	170
Chart 28	UTM Admission Rates by Sex	170
Chart 29	UTHSC Applications by Sex	170
Chart 30	UTHSC Admission Rates by Sex	170
Chart 31	UTK Admission Rates by Race/Ethnicity	171
Chart 32	UTK Average GPA of Applicants by Race/Ethnicity	171
Chart 33	UTK Average ACT Scores of Applicants by Race/Ethnicity	172
Chart 34	UT System Budgeted Unrestricted General and Education Funds	174
Chart 35	Potential Funding Deficit Determination Summary	175
Chart 36	UTK Tuition and Fees by Semester Compared to Peer Universities	178
Chart 37	UTK Average Student Loan Debt for Students Who Graduated with Debt Compared to Peer Universities	178
Chart 38	UTC Tuition and Fees by Semester Compared to Peer Universities	179
Chart 39	UTC Average Student Loan Debt for Students Who Graduated with Debt Compared to Peer Universities	180
Chart 40	UTM Tuition and Fees by Semester Compared to Peer Universities	181

Number	Title	Page
Chart 41	UTM Average Student Loan Debt for Students Who Graduated with Debt Compared to Peer Universities	181
Chart 42	UTHSC Tuition by Semester by College	182
Chart 43	Head Coach Hiring Processes	194
Chart 44	Head Coach Employment Methods	195
Chart 45	UT Campus Athletics Budgets	197
Chart 46	Selected Athletics Expenditures by Percentage of Total Athletics Expenditures by Campus	198
Chart 47	Selected Athletics Expenditures by Amount of Expenditure	198

UTHSC Campus Map and Lease Area



Source: Obtained from the UT Board Finance and Administration Committee meeting materials for the meeting held on March 1, 2019

APPENDIX 8
University of Tennessee System
Salary Expenditures by Employee Category⁷¹
Fiscal Years 2001 to 2019

University of Tennessee Salary Expenditures by Employee Category
All Current Funds: Unrestricted and Restricted E&G and Auxiliary
All Campuses and Institutes

Fiscal Year	Faculty	Professional	Clerical/ Technical	Students & Grad. Assts.	Administrative	TOTAL
2001	\$ 213,893,516	\$ 145,161,211	\$ 119,569,912	\$ 38,834,297	\$ 58,458,948	\$ 575,917,884
2002	227,329,060	136,913,769	124,623,575	62,741,478	57,359,347	608,967,229
2003	249,381,914	124,543,065	132,071,877	86,543,519	58,922,350	651,462,724
2004	258,241,074	130,169,817	131,789,032	90,882,491	59,771,489	670,853,902
2005	272,435,493	135,309,571	137,117,837	92,204,980	63,541,719	700,609,600
2006	280,808,523	140,107,492	136,423,609	95,179,900	67,215,023	719,734,547
2007	294,399,125	147,328,594	140,078,012	98,148,661	67,296,147	747,250,539
2008	313,048,701	154,739,271	146,433,710	102,243,440	70,001,430	786,466,552
2009	322,957,609	160,550,686	147,704,003	105,277,833	71,591,448	808,081,580
2010	319,578,865	160,625,506	146,910,191	110,829,852	71,343,835	809,288,250
2011	329,633,120	166,036,855	145,979,097	116,042,215	75,220,205	832,911,492
2012	345,745,415	169,892,725	146,687,045	122,400,313	72,194,719	856,920,217
2013	366,021,722	185,006,706	152,209,864	127,545,134	76,250,792	907,034,219
2014	380,494,021	181,010,253	156,216,952	131,863,480	82,851,673	932,436,380
2015	387,419,174	184,225,108	157,798,912	133,528,286	85,836,846	948,808,327
2016	396,140,126	192,739,349	160,757,995	137,597,822	92,480,530	979,715,823
2017	409,620,424	194,452,323	171,181,411	145,337,063	97,886,217	1,018,477,437
2018	420,683,046	213,720,011	178,227,070	150,161,251	105,477,383	1,068,268,761
2019	434,583,646	216,681,408	182,127,048	156,786,692	106,715,316	1,096,894,110

Fiscal Year	Faculty	Professional	Clerical/ Technical	Students & Grad. Assts.	Administrative	TOTAL
2001	37%	25%	21%	7%	10%	100%
2002	37%	22%	20%	10%	9%	100%
2003	38%	19%	20%	13%	9%	100%
2004	38%	19%	20%	14%	9%	100%
2005	39%	19%	20%	13%	9%	100%
2006	39%	19%	19%	13%	9%	100%
2007	39%	20%	19%	13%	9%	100%
2008	40%	20%	19%	13%	9%	100%
2009	40%	20%	18%	13%	9%	100%
2010	39%	20%	18%	14%	9%	100%
2011	40%	20%	18%	14%	9%	100%
2012	40%	20%	17%	14%	8%	100%
2013	40%	20%	17%	14%	8%	100%
2014	41%	19%	17%	14%	9%	100%
2015	41%	19%	17%	14%	9%	100%
2016	40%	20%	16%	14%	9%	100%
2017	40%	19%	17%	14%	10%	100%
2018	39%	20%	17%	14%	10%	100%
2019	40%	20%	17%	14%	10%	100%

⁷¹ The salary expenditure information presented was produced by UT System staff. We have not audited this information.

UT Salary Expenditures by Employee Category FY 2000-01 to FY 2018-19

